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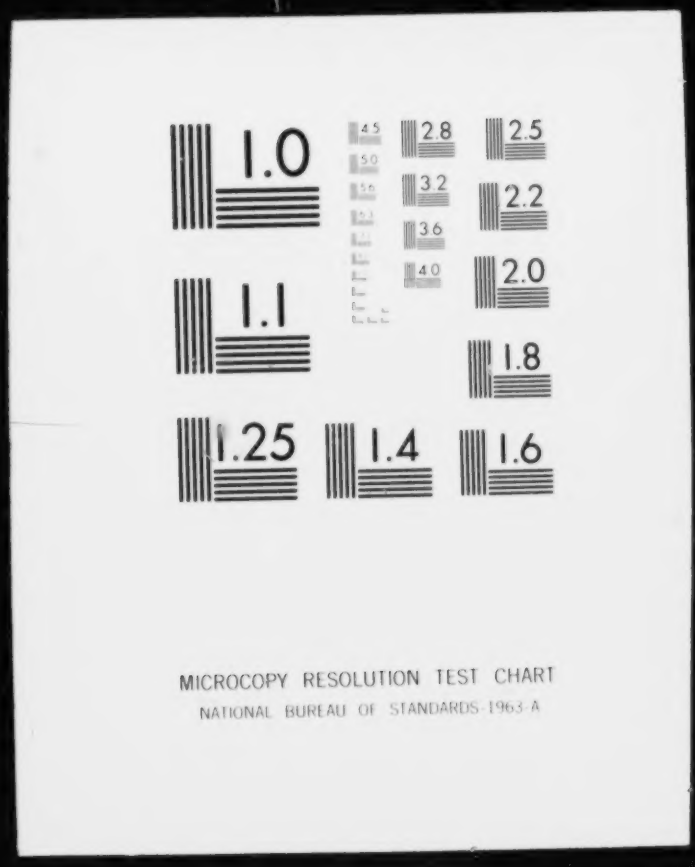

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ABSTRACT

This study is an outgrowth of the plans and programs set in motion by the study of professor Ralph Blasingame, Rutgers University Graduate School, in 1968, and the 1969 legislation setting up the Ohio Library Development Plan (OLDP). Its purposes are to describe the system of financing public libraries in Ohio, to identify problem areas, and to examine various alternatives for funding the Ohio Library Development Plan and for generally strengthening the financing of local libraries. The specific tasks include: estimation of the cost of funding Area Library Service Organizations (ALSO's) as spelled out in S.B. 262 and projection of these costs to 1978; projection of local situs intangibles tax collections and allocations to libraries, by county, to 1978; and an estimate of the costs of bringing all Ohio's local libraries up to the performance standards established by the Ohio Library Association. Attention is given also to the problems inherent in the local situs intangibles tax and in its administration, and to the relation of library support to local perceptions of "need" for library services. (Author)

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Financing Public Libraries in Ohio

By

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March 1971

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Frederick D. Stocker

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I. INTRODUCTION

Ohio is widely known for having some of the finest local library systems in the nation. A half-dozen or more of Ohio's largest urban library systems are justly renowned for the strength of their collections, the breadth and variety of services offered, their well-trained professional personnel and their high level of per capita support. Many other smaller systems also compare favorably with the best to be found anywhere in the nation.

At the same time there are many areas of Ohio in which public library service is virtually nonexistent. In Adams County, for example, with 1970 population of about 19,000, library facilities consist of two small local libraries that between them received only $19,100 from all sources in 1969. Many other counties, especially those in low-income areas of the state, have about the same level of library support. In addition, some libraries in populous areas and with relatively high per capita support have recently faced financial crisis resulting in reduction of library service hours, suspension of staff, and reduced book purchases.

Both situations--those of excellence as well as those of substandard or curtailed service--can be traced largely to the system of library financing employed in Ohio. Since the early 1930's, Ohio's local libraries have been supported almost entirely from revenues from the intangible personal property tax. Under the system of classified property taxation adopted in 1931, a tax is levied on individuals' holdings of intangible assets--mainly stocks and bonds. Though the tax is state-imposed and applies uniformly throughout Ohio, it is collected locally and the revenue remains in the county of origin, where it is distributed to library systems in accordance with "need." Any revenue remaining after the distribution to libraries goes to other units of local government in the county, principally municipalities.

This system of library finance, which is unique among the states, has had several results. Some counties, because of large holdings of taxable intangibles by their residents, or vigorous local tax enforcement efforts, or both, have realized great revenues from this source. Others receive very little. The marked disparities among counties in intangibles tax yield per capita--on the order of 16:1 in 1969--is inherent in an origin-based allocation of revenue from a tax, the base of which is distributed very unevenly within the state.

Giving libraries first claim on intangibles tax revenue has had several other noteworthy results. One is that libraries rarely resort to other sources of tax revenue. Although the governing board of each library system has power to seek voter approval for a property tax levy for libraries, such levies are rarely proposed and even more rarely approved. Of course, many areas have little or no need for additional revenue beyond that provided by the intangibles tax. Others are no doubt deterred from seeking funds from the general property tax by the referendum requirement; since libraries share no part of of the 10 mills that local governments in Ohio are allowed to levy without voter approval, any such levy must go to the voters. Parent governing bodies, such as school boards and city councils, are often reluctant to see library issues placed on the ballot. In 1969 only 10 of Ohio's 255 library systems received tax revenue from sources other than the intangibles tax. Only 2 percent of library tax revenue came from such sources.

At the same time, the preferred position of libraries in access to revenue from the intangibles has shielded them from the necessity of keeping the taxpaying public constantly aware of the community benefits that flow from the public library, and of the necessity for tax support to provide these benefits. Unlike other governmental functions, where support must be sought from the reluctant taxpayer in constant competition with all other public sector claims, libraries have led a comparatively sheltered existence. Not having had to scramble for money, many libaries in Ohio may have neglected to carry their case to the general public. Ohio has not developed a tradition or custom of voting tax support for libraries. Indeed very few Ohioans have any idea how libraries are supported. These facts take on an ominous tone if one considers the possibility of changes in financing that would place libraries in direct competition with other governmental services for the taxpayer's dollar.

Another feature of Ohio's system of library financing is that (except for the earmarked intangibles tax) very little state money goes to support local libraries. The accepted view has been that in enacting the intangibles tax and setting it aside for libraries the state has fulfilled its financial obligation toward this function. Consequently Ohio, unlike many other states, has up to now had no sizable program of grants to local libraries designed to establish minimum standards of support or to equalize library services among local areas.

The role of the state in financing Ohio's libraries may now be changing. In 1968 a thorough study of the Ohio public library system carried out under the direction of Professor Ralph Blasingame, of The Rutgers University Graduate School of Library Service and former State Librarian of Pennsylvania, recommended a number of steps toward streng-

thened library service.[1] Many of these called for increased state involvement and enlarged financial support from the state. Specifically recommended was the development of a plan for Area Library Service Organizations--locally controlled but state financed library systems which would supply libraries with such resources and services as joint acquisition of materials, in-service training, professional consultants, and other library services as needs are determined by member libraries.

The 1969 Session of the Ohio General Assembly adopted legislation implementing many of the recommendations of the Blasingame study. In Senate Bill 262, effective November 25, 1969, the General Assembly adopted The Ohio Library Development Plan (OLDP), which incorporated many of the recommendations of the Blasingame study. In particular, the Plan provided for the establishment of a network of Area Library Service Organizations (ALSO's). It also called for establishment of a reference and information network linking the ALSO's with each other and with the state library, and for strengthening the state library itself and its services to local libraries.

This legislation, however, does not provide the financing to implement the plan. Questions remain as to the cost of carrying out the plan and the sources of revenue.

This study is an outgrowth of the plans and programs set in motion by the Blasingame study and the 1969 legislation setting up the OLDP. Its purposes are to describe the system of financing public libraries in Ohio, to identify problem areas, and to examine various alternatives for funding the Ohio Library Development Plan and for generally strengthening the financing of local libraries. The specific tasks include: estimation of the cost of funding ALSO's as spelled out in S.B. 262 and projection of these costs to 1978; projection of local situs intangibles tax collections and allocations to libraries, by county, to 1978; and an estimate of the costs of bringing all Ohio's local libraries up to the performance standards established by the Ohio Library Association. Attention is given also to the problems inherent in the local situs intangibles tax and in its administration, and to the relation of library support to local perceptions of "need" for library services. Each of these topics is taken up in the following sections.

---

[1] Survey of Ohio Libraries and State Library Services, Columbus, The State Library of Ohio, 1968.

II. THE INTANGIBLES TAX AND OHIO LIBRARY FINANCE

In most states, public libraries are financed either from general tax revenues of the parent unit of government such as a municipality, county or school district, or from tax levies imposed by the library board itself in states where library districts have taxing power. Until the early 1930's, the former arrangement prevailed in Ohio. School districts possessed power, without resort to referendum, to impose a levy of 1-1/2 mills for library purposes. This provision for financing encouraged the formation of many school district libraries during the 1920's.[2]

In 1931, certain far-reaching changes were made in the Ohio tax structure. In that year, the state adopted a system of classified property taxation under which intangibles were exempted from local property levies but subjected to a special state levy. At the same time the permissible rate of local property tax levies (without a special vote of the people) was limited to 15 mills. (This was reduced to 10 mills in 1934.) As libraries were not entitled to any part of this 15 mill levy, they were essentially cut off from tax support. To correct this situation and at the same time to provide a financial inducement to local communities to establish public libraries, the 1933 session of the General Assembly authorized any library board that would open the facilities of its library to all residents of the county to receive an allocation of intangibles tax funds from the county budget commission. Thus began the linkage of library finance to the intangibles tax, a system that is unique to Ohio and which is the source not only of the preeminence of some of Ohio's libraries but also of many of today's problems in financing the Ohio library system.

The Intangibles Tax

The Ohio system of taxing intangible personal property adopted in 1931 is part of a broad system of classified property taxation. Prior to 1931, the state had for many decades followed a system of general property taxation, in which all kinds of assets were taxed under one uniform law on an ad valorem basis (i.e., according to value). During the early decades of this century, however, it became apparent in Ohio and in other states that there are many difficulties, both conceptual and practical, in assessing and taxing all

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[2] Library Laws of Ohio (January 1, 1969), Columbus, The State Library of Ohio, 1969, page 2.

classes of property alike. It came also to be recognized that there are genuine economic differences between real, tangible personal, and intangible personal property, in terms both of the taxpaying ability they represent and the governmental services provided to owners.

Ohio was only one of many states that adopted a classified property tax system at about that time. Many states went to the extreme of exempting all intangibles outright, mainly because of the practical problem of locating and identifying intangible assets for taxation. This problem, which is inherent in local assessment of intangibles, has been avoided in Ohio by the use of state administration. Under this system, which is unusual if not unique among the states, Ohio has established machinery through which it is possible to administer the intangible personal property tax with nearly one hundred percent effectiveness. Unfortunately the machinery is not used as well as it might be, and a substantial amount of noncompliance occurs.

Apart from problems of administration that have plagued most states in their efforts to tax intangibles, there are some conceptual objections to the intangibles tax that have contributed to its widespread abandonment. The principal objection is that most intangibles are merely representative claims on other tangible assets which are taxed in their own right. A separate tax on intangibles thus constitutes a form of double taxation. A corporation, for example, would be taxable on its tangible assets (real estate, machinery, inventories) to the same extent as an unincorporated business. If it shares of stock are also taxed the owners are doubly taxed as compared with the owners of an unincorporated business.

The Structure of the Intangibles Tax

Ohio statutes define four categories of intangible personal property and apply a uniform statewide rate to each.

> Unproductive investments; deposits, and shares in financial institutions, and capital as well as ownership interest in capital employed by financial institutions; capital and surplus, or 8-1/3 times the gross premiums, of insurance companies: 2 mills on the dollar
>
> Money, credits, and all other intangibles not separately classified: 3 mills on the dollar
>
> Shares in capital employed by dealers in intangibles: 5 mills on the dollar
>
> Productive investments: 5 percent of income yield

The statutes also provide a two-way split of the above categories into local situs and state situs intangibles. Local situs intangibles include property of corporations operating in only one county, unincorporated businesses, and individuals. State situs property includes intangibles owned by public utilities, intercounty corporations, financial institutions, and dealers in intangibles.

Libraries participate only in the revenue from the tax on local situs intangibles. The major item in the local situs returns is the 5 percent levy on income yield of productive investments (Table I).[3] The levy on productive investments, while in concept an ad valorem property tax, has the appearance of an income tax. The income yield serves as a measure of the value of the asset. In keeping with this view, the tax is applied not to the income actually received by the taxpayer during the year, but to the income produced by the investment during the year, irrespective of who received it. Thus the owner of a security on January 1 may be taxed on an income yield he has never received, while the actual recipient, if he sells his security before January 1, pays no tax.

Administration of the Local Situs Intangibles Tax

For administrative purposes, a statutory distinction is established for local situs intangibles with respect to size. Individual returns showing an income yield of $500 or less or a value of $5,000 or less are designated as "local size", and assessment of these is the responsibility of county auditors. Those exceeding $500 in income yield or $5,000 in value are designated as "state size", and assessment is mainly the responsibility of the tax commissioner.

Returns of single county corporations are filed in duplicate with the county auditor between February 15 and April 30. In enforcement of the intangibles tax, the county auditor serves in the capacity of deputy of the State Tax Commissioner. He retains one copy of the return and forwards the other to the appropriate district office of the Department of Taxation. Although the county auditor

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[3]Unproductive investments (those yielding no income) are taxed at 2 mills on the dollar (0.2 percent). This is equivalent to the 5 percent rate on a productive investment having a rate of return of 4 percent. Some Ohio companies minimize the intangibles tax liability of their shareholders by paying a nominal dividend, thus qualifying their securities as "productive" investments. This form of tax avoidance could perhaps be eliminated if unproductive investments were redefined to include all securities having an income yield less than 4 percent.

Table I

PROPERTY TAXES: INTANGIBLE PERSONAL

AMOUNT OF TAXES LEVIED, BY SITUS AND FORM OF PROPERTY, ANNUALLY, CALENDAR YEARS 1964 - 1968

(amounts given to the nearest dollar; items may not add to totals due to rounding)

SITUS AND FORM OF PROPERTY	1964	1965	1966	1967	1968
LOCAL SITUS[a]					
Productive Investments	$33,028,825	$35,614,068	$39,087,267	$42,144,344	$44,070,568
Unproductive Investments	1,932,069	1,908,183	2,035,890	2,119,683	2,364,933
Deposits	204,677	212,082	204,942	203,776	201,829
Credits	2,341,599	2,373,231	2,434,425	2,586,487	2,729,565
Money & Other Intangibles	348,996	402,563	389,339	386,259	487,737
Total -- Local Situs	$37,856,158	$40,510,128	$44,151,858	$47,440,549	$49,854,632
STATE SITUS					
Public Utility Companies:					
Productive Investments	$47,430	$29,597	$48,182	$59,987	$68,489
Unproductive Investments	17,397	10,151	28,163	16,819	2,936
Deposits	28,950	34,780	24,635	27,452	26,311
Credits	60,993	77,171	55,230	48,668	60,266
Money & Other Intangibles	15,931	16,237	16,372	12,080	12,719
Total	$170,700	$167,935	$172,582	$165,007	$170,721
Intercounty Corporations:					
Productive Investments	$245,859	$275,168	$348,136	$395,803	$479,395
Unproductive Investments	123,819	148,545	237,172	236,631	197,152
Deposits	269,832	252,243	217,029	232,033	282,162
Credits	1,696,168	1,778,625	1,913,403	1,892,925	1,973,321
Money & Other Intangibles	225,465	232,529	212,529	232,946	232,875
Total	$2,561,143	$2,687,110	$2,928,269	$2,990,336	$3,164,905
Financial Institutions:					
Deposits in:					
Banks	$17,484,613	$18,738,046	$20,661,964	$22,357,293	$24,767,304
Building & Loans	13,995,901	15,278,272	16,289,905	17,042,406	18,437,187
Credit Unions	384,882	439,419	494,336	547,323	598,690
Federal Credit Unions	251,592	304,625	346,433	384,728	421,614
Total	$32,116,988	$34,760,362	$37,792,638	$40,331,750	$44,224,795
Shares[b] in:					
Banks	$2,371,179	$2,529,245	$2,693,295	$2,864,281	$3,080,892
Building & Loans	1,336,878	1,431,942	1,548,784	1,620,994	1,705,978
Credit Unions	41,477	46,805	53,519	60,738	68,392
Production Credit Association and Small Business Investment Companies	61,381	60,819	63,357	66,529	51,024
Total	$3,810,915	$4,068,811	$4,358,955	$4,612,542	$4,906,286
Total Financial Institutions	$35,927,908	$38,829,173	$42,151,591	$44,944,290	$49,131,081
Dealers in Intangibles	1,319,274	1,313,442	1,416,154	1,610,361	1,657,782
Domestic Insurance Companies[c]	1,360,423	1,562,746	1,601,101	1,620,391	1,699,010
Total -- State Situs	$41,339,448	$44,560,412	$48,269,697	$51,330,385	$55,823,499
Grand Total	$79,195,606	$85,070,540	$92,421,555	$98,770,934	$105,678,131

(a) Includes holdings of individuals, partnerships, and single-county corporations.
(b) Includes taxes levied upon capital of financial institutions where capital is not divided into shares.
(c) A franchise tax.

Source: 1969 Annual Report of the Ohio Department of Taxation

has full authority to audit and verify the accuracy of all returns, as a practical matter the responsibility for state size returns rests primarily with the district office of the Department of Taxation. Returns of unincorporated businesses are filed with the county auditor during the same period of time, and a duplicate of the return is forwarded to the district office of the Department of Taxation if the value of the property exceeds the statutory amounts described for local size.

Returns involving intangible personal property of individuals, trusts, and fiduciaries are filed with the county auditor in the same manner as those filed by unincorporated business with a duplicate copy required for those exceeding the statutory amounts described for local size returns.

Questions often are raised concerning the effectiveness of enforcement of the local situs intangibles tax. While the state situs intangibles tax--that levied primarily on financial institutions--is administered with a high degree of effectiveness, there is widespread belief that the local situs tax is enforced far less adequately. A study conducted in 1950, for example, estimated that more than one-third of the intangible assets in estates filed for probate had not been reported accurately for intangibles tax purposes.[4]

What doubt exists concerning the effectiveness of administration centers not on the administrative structure itself, which appears to be sound and workable, but on the degree to which this administrative structure is employed. The State Department of Taxation has access to data that permit verification of almost all intangibles tax returns. Every corporation licensed to do business in Ohio must submit to the Department of Taxation a report showing the name and address of each Ohio resident who receives interest or dividends from that company, along with the amount of such interest and dividends. This information is distributed among the eight district offices of the Department, where it is processed to check for filing of return and accuracy of reporting. Also, the Department of Taxation systematically reviews federal income tax returns, making photocopies of those that appear to hold potential for intangibles tax collections. These also are checked at the district level against intangibles tax returns filed.

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[4]George W. Thatcher, "Taxation of Intangible Personal Property in Ohio," National Tax Journal, December 1951, pp. 351-60.

The principal questions conerning intangibles tax enforcement center on the intensity of the follow-up effort, including sending notices to delinquent taxpayers, undertaking field audits, and prosecuting nonfilers and those who underreport. Because the revenue from this tax does not flow into the state treasury, there is reason to believe that the Department of Taxation perhaps has felt less urgency over using limited enforcement personnel to police the intangibles tax than it does over other taxes in which the state government shares directly.

The enforcement effort described above concentrates on the state size returns. Little enforcement effort has been given to the local size returns. These are not filed with the State Department of Taxation, but are policed entirely by the county auditor. While there is considerable evidence that few county auditors are aggressive in their enforcement of the local size returns, the revenue loss is probably minimal. Any return having potential liability of more than $25 is treated as a state size return.

Disposition of Intangibles Tax Revenue

The tax on local situs intangibles[5] is collected locally and (except for 1/4 of one percent which goes to the Department of Taxation to defray administration costs) remains in the county of origin. Libraries have first claim on this revenue.[6] On the basis of an advance estimate of revenue from this source, the County Budget Commission (consisting of the County Auditor, Treasurer, and Prosecuting Attorney) is required to make an allocation to boards of library trustees on the basis of "need". Next in priority of claim are boards of township park commissioners. The remainder is allotted on the basis of source to the county (the amount collected outside municipal corporations) and to municipalities where collected.

Any excess of actual collections over the allotments based on advance estimates of revenue is to be distributed in proportion to the initial allotment.

The Establishment of "Need"

The statutes governing the distribution of intangibles tax revenue state only that "need" shall be the guideline for determining the allocation to each library. The term "need", however, offers little guidance. From an economic

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[5]Section 5707.04, Ohio Revised Code.

[6]Section 5707.05, Ohio Revised Code.

standpoint it is meaningless. As every beginning student of economics learns, there are no "needs", only "wants", and wants are essentially limitless. Without some constraint, such as a budget limit or a price, there can be no meaningful concept of need. To ask what a library system "needs" is as nonsensical as for a man to ask his wife how many outfits she needs. The answer is limited only by one's imagination.

What determines the amount a Board of Library Trustees asserts the library "needs"? Any finite dollar amount could obviously be increased; there are always "desirable" services or facilities beyond those that are included in the estimate of "need". What distinguishes "needs" from those things that are merely "desirable"?

Librarians and trustees point out that social change creates new "needs" and demands for services by libraries. Population changes and the growth and applicability of scientific and technical knowledge have been tremendously changed and expanded. In most cases increases in enrollment and changes in programs have occurred in institutions where library facilities were very weak or non-existent. A consequence has been that commuting and other students are making extensive and complicated demands on the public library.

Librarians point out that a second library "need" results from society's complexity and the changes in communication processes. Much current information is supplied by newspapers, magazines, technical journals and news broadcasts. These do not replace the library. The library becomes more important because additional and more precise information is needed in a complex and changing society.

As society becomes increasingly information-based and the mastering of large bodies of information becomes more essential, the library will change from an institution with rather general educational, cultural and recreational aims to become a part of the essential machinery for dealing with the basic concerns of society. The increased importance of the library's role will justify and require a much larger public support. It will also impose a much heavier responsibility upon librarians to use new technology when useful, to raise and broaden professional standards, to develop broad and imaginative patterns of national cooperation and to express in daily operations a keen and pervasive sense of the library's enlarged social commitment.

These changes require that special attention be given to the problems of large metropolitan public libraries. As major resources of research and experimentation, they serve far beyond their immediate service areas. They are often expected to provide highly specialized information services to the large numbers of sub-groups that make up metropolitan centers. These libraries are expected to develop and maintain specialized collections in science, technology, business,

social science, drama, music, international affairs, ethnic minorities, and many other diverse subjects. They offer diversified services and their collections and staff resources are focal points around which many activities of smaller libraries can be developed and coordinated.

Determining "need" becomes particularly complicated when a county budget commission must evaluate the "needs" of two or more libraries within the county and the anticipated collection of the tax is less than the combined requests of the libraries.

Given the fact that the statutory guideline is meaningless, the libraries of Ohio, aided by the administrative rulings and decisions of the Board of Tax Appeals and the courts, have been remarkably successful in fashioning workable arrangements for distributing the revenue from the intangibles tax. Various agencies and studies have attempted to establish criteria for the needs of libraries.[7] The situation remains ambiguous, however, and it is not surprising that vague and sometimes conflicting rules continue to govern the distribution of the approximately $50 million dollars that flow from this source annually.

Apparently, the answer to what distinguishes "need" from "desirable" is often found in self-imposed constraints. Some libraries seem to limit their budget requests to an amount they think will not raise eyebrows or give cause for unkind thoughts, even though the stated needs may fall far short of what the library would like to have and short even of the amount of revenue from the intangibles tax on which libraries have first claim.

In counties where several separate library systems share in the revenue from the intangibles tax a tacit understanding sometimes exists under which the libraries limit their combined request to an amount approximately equal to the anticipated revenue, thereby avoiding the necessity for the CBC to arbitrate the relative need of the various systems. In some counties (e.g., Hamilton) the total need asserted by the library is consistently well short of the revenue available.

The Budget Process

The initial estimate of library needs is made by the Board of Library Trustees, usually acting on recommenda-

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[7]See, for instance, "Factors in Allocation of Intangibles Tax Funds: a Statement Adopted by the State Library Board," News From the State Library #105, April 8, 1970, pp. 77-78.

tions of the librarian. This request is then submitted to the taxing authority for the library (i.e., the county, municipality or school district) that serves as the parent unit of local government for the library. The taxing authority cannot amend the budget as submitted by the library board; it is required by law to include the full amount requested in its budget as submitted to the county auditor.

The CBC has the responsibility for appraising the merit of the libraries' statements of need. Before ruling on the library requests, the CBC is required to hold a hearing at which each library has the opportunity to present its case in support of its request. If the total requested exceeds the estimated revenue, the CBC has the responsibility to reduce the allotment to libraries to the estimated amount available; if more than one library system is involved, the CBC determines the relative priority of needs of the several libraries and reduces the allocations accordingly. Apparently the CBC also has power to refuse to distribute the full amount requested, even if the revenue is available, thereby in effect overruling the libraries' statements of need. Any library has the right to appeal the CBC decision to the Board of Tax Appeals, which may substitute its findings for those of the CBC.[8] Rulings of the BTA can in turn be appealed to the courts.[9]

Trends in Intangibles Tax Yield and Library Revenue

The local situs intangibles tax produced $52.8 million in 1969. This was 62 percent more than the 1960 yield, and 165 percent above that of 1950. During the decade of the 1950's, intangibles tax yield grew substantially more rapidly than Ohio personal income, but since 1960 slightly less rapidly than personal income.

The proportion of intangibles tax collections going to libraries has increased steadily (Table II). Between 1950 and 1960, it increased by 15 percentage points, and from 1960-1969 by another 10 percentage points. Significantly, however, the rate of increase has slowed. There were only 11 counties in 1950 in which 100 percent of the intangibles tax collections went to libraries. By 1969 the number had grown to 31, and another 18 paid 90 percent or more to libraries. Among the counties now devoting all or nearly

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[8]Section 5705.37, Ohio Revised Code.

[9]The statutes, court decisions and administrative rulings pertaining to library finance are set forth in more detail in Library Laws of Ohio (January 1, 1969) Columbus, The State Library of Ohio, 1969.

Table II

INTANGIBLES TAX COLLECTIONS AND
AMOUNTS DISTRIBUTED TO LIBRARIES
(1950, 1955, and 1960-69)

	Collections	Distribution to Libraries	Percent Distributed To Libraries	Number of Counties in which Libraries Receive 100% of Intangible Tax
	(Mil. Dol.)	(Mil. Dol.)	(Percent)	
1950	19.9	11.3	56.8	11
1955	24.5	17.6	72.0	12
1960	32.6	23.3	71.6	14
1			74.8	
2	36.0	26.9	77.0	
3	37.3	28.7	77.3	
4	38.1	29.5	78.9	22
5	41.3	32.5	77.2	
6	44.6	34.4	78.0	
7	47.8	37.3	79.5	26
8	50.0	39.8	81.5	31
9	52.8	43.0		
Percent Increase 1960-69	62%	85%		
1950-69	165%	280%		

Source: Ohio Directory of Libraries, Columbus, The State Library of Ohio (annual).

all the intangibles tax revenue to libraries are most of the states' largest counties--the principal exceptions being Hamilton and Montgomery Counties.

Between 1950 and 1960, annual library revenue from the intangibles tax grew by $12.0 million. Of this increase, $7.2 million can be attributed to growth in intangibles tax collections while the remainder ($4.8 million) resulted from the rise in percentange allocated to libraries.[10] Thus $4.8 million, or 40 percent of the gain in annual library revenue, came from increased percentage allocations to libraries. The increased percentage allocation is due partly to increased adoptions of city income taxes and county taxes, which reduced the intense competition of these units for intangibles tax funds.

Between 1960 and 1969, the gain in library revenue from the intangibles tax was $16.1 million, of which $12.6 million can be attributed to growth in collections and $3.5 million to an increased percentage allocation to libraries. Thus the share of growth attributable to the latter influence dropped from 40 percent in the 1950's to 19 percent in the 1960's. As the state average percentage comes closer to 100 percent, and as more and more counties reach or near the point where all intangibles tax revenue goes to libraries, this source of growth in library income will tend to vanish. Library income would then grow only in pace with intangibles tax collections.

Tables III and IV show intangibles tax collections and amounts distributed to libraries, by counties, for selected years starting from 1950. While all counties have shown increases, the rate of growth in revenue from this source varies widely. Large variations are evident also in per capita revenues from this source (Table V). Table VI shows the percentage of intangibles tax collections allocated to libraries, by county, and reveals the gradual increase that has occurred. In many counties, however, libraries still fail to demonstrate a "need" sufficiently large to absorb all the revenue from this source.

Projections of Intangibles Tax Yield and Library Revenue

The key question to be considered in appraising the financial prospects of Ohio's public libraries is: how much can libraries expect to receive from the intangibles tax? One of the tasks of this study is to make future projections of this crucial variable. Such an undertaking is

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[10] If the library distribution had increased by 64 percent (the rise in collection), it would have totaled only $18.5 million in 1960, or $7.2 million more than the 1950 amount.

Table III

INTANGIBLES TAX COLLECTIONS BY COUNTY

SELECTED YEARS 1950-69
(dollars)

COUNTY	1950	1955	1960	1965	1968	1969
Adams	3,258	6,374	8,137	9,838	11,977	13,091
Allen	145,067	189,751	263,582	375,162	455,965	498,200
Ashland	87,042	99,408	122,417	137,735	149,293	153,000
Astabula	97,438	117,419	158,097	227,730	250,938	257,195
Athens	35,443	51,493	62,003	72,663	80,930	86,585
Auglaize	49,038	64,818	100,096	143,227	168,604	174,271
Belmont	78,810	102,843	131,929	148,398	166,346	177,283
Brown	13,127	18,441	23,563	31,018	34,992	39,999
Butler	235,512	322,033	471,663	553,672	702,973	739,257
Carroll	16,993	21,393	35,140	27,713	34,531	35,457
Champaign	40,134	38,743	52,456	55,780	78,120	81,552
Clark	162,294	209,834	267,408	323,549	375,022	420,759
Clermont	57,533	78,703	111,815	137,527	147,830	155,795
Clinton	30,520	46,883	71,637	87,517	100,347	108,332
Columbiana	158,459	177,338	224,639	236,853	294,999	299,639
Coshocton	55,029	80,212	95,371	122,559	144,341	151,064
Crawford	78,157	90,778	128,291	125,058	142,372	144,228
Cuyahoga	5,438,744	6,672,124	8,508,929	10,288,762	12,806,632	13,434,244
Darke	44,840	52,236	80,844	107,508	113,243	117,390
Defiance	20,977	33,333	51,578	66,035	74,743	83,992
Delaware	33,578	53,366	89,521	119,019	139,877	157,827
Erie	123,938	163,903	204,288	263,770	331,293	356,852
Fairfield	95,271	115,672	146,526	185,726	232,847	228,827
Fayette	20,261	26,555	35,478	53,055	72,869	80,257
Franklin	1,295,746	1,746,498	2,367,511	3,019,927	3,657,497	4,095,323
Fulton	25,805	31,508	61,652	69,739	82,972	88,298
Gallia	10,337	16,216	19,696	37,881	35,330	32,732
Geauga	149,681	152,086	235,544	273,218	370,884	415,644
Greene	55,607	82,933	121,898	192,733	236,183	237,906
Guernsey	33,340	44,083	54,648	60,226	61,702	64,855
Hamilton	4,163,918	4,909,694	6,183,219	7,513,898	9,031,820	9,494,178
Hancock	102,667	141,252	196,812	237,991	290,239	315,963
Hardin	32,712	41,198	50,459	62,362	79,473	83,490
Harrison	21,437	30,477	30,580	35,867	39,926	44,990
Henry	13,694	21,834	37,030	43,856	65,808	67,941
Highland	25,398	46,029	54,781	63,649	74,758	82,448
Hocking	8,296	12,824	17,235	24,342	32,155	31,821
Holmes	11,958	18,067	29,587	35,300	40,693	45,295
Huron	63,262	73,042	103,348	126,548	146,496	159,611
Jackson	27,437	30,669	35,288	39,118	54,760	54,167

Table III (continued)

INTANGIBLES TAX COLLECTIONS BY COUNTY

SELECTED YEARS 1950-69

OUNTY	1950	1955	1960	1965	1968	1969
efferson	126,650	182,897	200.374	217,516	261,864	288,092
nox	66,073	72,577	97,920	97,247	109,351	118,501
ake	388,278	432,837	567,429	747,262	867,410	930,378
awrence	23,068	25,978	30,971	31,644	37,028	36,274
icking	112,060	149,864	249,062	248,132	290,621	323,791
ogan	17,332	31,329	54,731	52,779	66,149	69,611
orain	244,014	319,236	376,066	479,870	565,013	613.851
ucas	1,084,495	1,309,276	1,705,218	2,114,483	2,466,149	2,598,061
adison	17,403	25,580	35,548	48,250	65,599	73,926
ahoning	472,573	592,955	727,170	778,307	905,832	933,071
arion	52,054	79,170	103,516	136,472	176,629	187,600
edina	71,405	87,447	147,838	195,020	221,971	252,809
eigs	9,787	13,962	13,543	18,601	22,877	24,515
ercer	35,618	52,049	75,716	102,224	110,422	115,132
iami	146,274	172,229	247,891	351,575	396,270	409,052
onroe	7,049	8,505	12,123	19,426	14,685	15,813
ontgomery	1,032,930	1,353,440	1,748,420	2,783,650	3,065,423	3,318,541
organ	6,844	9,185	13,027	11,500	14,892	14,793
orrow	8,384	12,378	20,458	19,082	22,553	22,807
uskingum	112,250	134,614	158,871	185,670	222,648	226,717
oble	4,476	5,030	6,678	6,783	8,840	8,814
ttawa	28,463	41,500	57,973	90,675	95,217	108,250
aulding	4,243	5,998	15,147	23,929	26,453	28,948
erry	14,366	18,514	25,988	24,526	28,506	31,728
ickaway	23,135	33,179	42,320	62,583	67,220	75,103
ike	3,032	6,366	9,049	12,912	16,970	21,514
ortage	94,100	127,593	153,269	191,200	245,474	274,999
reble	13,545	25,813	35,525	44,562	55,191	56,806
utnam	18,267	24,828	41,031	47,656	57,227	62,700
ichland	215,496	251,498	369,211	410,137	491,850	506,687
oss	51,883	86,468	107,935	123,329	144,766	143,777
andusky	76,213	85,424	111,839	131,040	159,697	172,715
cioto	70,351	96,481	119,365	128,699	160,417	173,751
eneca	150,184	101,214	126,649	202,541	286,531	304,411
helby	36,078	50,617	68,496	86,468	104,625	120,700
tark	649,303	769,790	1,000,920	1,289,254	1,602,201	1,605,984
ummit	781,890	1,209,214	1,688,557	2,024,316	2,596,150	2,529,388
rumbull	265,050	333,796	404,652	525,740	726,637	758,061
uscarawas	109,057	115,748	171,445	199,083	247,990	233,779
nion	13,090	16,621	69,958	45,102	59,362	66,276

Table III (continued)

INTANGIBLES TAX COLLECTIONS BY COUNTY

SELECTED YEARS 1950-69

COUNTY	1950	1955	1960	1965	1968	1969
Van Wert	25,728	29,771	43,301	50,795	66,873	67,679
Vinton	4,166	6,873	4,711	5,698	6,608	6,913
Warren	43,665	64,375	87,202	104,447	128,330	137,749
Washington	65,092	87,069	103,823	119,285	136,224	143,467
Wayne	104,284	140,709	184,823	247,747	311,190	332,799
Williams	31,558	47,157	103,132	98,625	137,635	144,097
Wood	272,282	266,087	490,862	513,431	658,030	688,350
Wyandot	14,084	18,240	31,947	44,397	55,892	64,350
STATE TOTALS	20,380,380	25,362,312	33,302,505	41,230,199	49,997,269	52,753,124

Source: Ohio Directory of Libraries, Columbus, The State Library of Ohio (annual).

Table IV

INTANGIBLES TAX DISTRIBUTION TO LIBRARIES, BY COUNTY

SELECTED YEARS 1950-69

(dollars)

COUNTY	1950	1955	1960	1965	1968	1969
Adams	1,900	2,900	7,000	9,838	11,977	13,091
Allen	132,953	187,938	277,005	344,459	432,282	475,200
Ashland	36,863	60,492	62,274	73,784	82,939	86,654
Astabula	82,250	99,340	142,472	211,488	234,762	241,215
Athens	17,920	28,500	50,500	58,000	67.000	70,000
Auglaize	17,000	34,334	40,495	93,155	105,753	103,429
Belmont	63,593	101,932	126,216	139,827	157,400	169,696
Brown	3,600	6,200	19,363	20,318	21,889	26,507
Butler	122,500	183,500	296,100	414,000	520,700	573,000
Carroll	8,300	11,219	19,009	19,400	23,873	26,957
Champaign	26,863	26,942	40,780	47,836	62,570	62,000
Clark	80,617	117,000	200,200	323,549	369,522	420,759
Clermont	0	36,640	76,760	130,899	142,500	146,737
Clinton	15,000	27,873	51,317	62,183	85,842	101,532
Columbiana	101,033	137,500	180,600	210,900	234.930	250,620
Coshocton	19,000	60,203	55,000	62,889	88,011	89,011
Crawford	25,080	30,600	52,943	56,696	76,999	72,719
Cuyahoga	4,516,200	6,300,000	7,311,697	10,088,762	11,813,772	13,001,736
Darke	32,403	52,236	74,844	97,738	100,073	104,220
Defiance	17,000	27,368	43,978	54,736	64,643	73,892
Delaware	21,330	37,190	53,000	71,100	90,000	90,000
Erie	53,652	69,690	118,025	143,711	187,585	215,987
Fairfield	32,100	45,336	64,000	98,000	126,500	172,000
Fayette	10,000	11,000	12,978	35,917	43,094	50,223
Franklin	558,279	1,354,834	2,068,500	2,916,835	3,657,497	3,897,811
Fulton	25,801	31,508	61,290	69,739	82,972	88,298
Gallia	7,500	18,008	19,696	37,632	35,330	32,732
Geauga	21,700	40,000	74,000	154,000	335,935	366,695
Greene	17,000	32,334	51,600	69,963	106,931	109,169
Guernsey	26,000	42,281	54,648	60,226	61,702	64,855
Hamilton	1,206,874	1,935,132	2,398,600	3,332,842	4,084,052	4,453,894
Hancock	27,670	45,475	86,770	104,600	177,400	182,400
Hardin	14,150	31,836	41,289	57,903	65,478	76,490
Harrison	12,000	22,500	26,000	30,000	35,500	35,500
Henry	13,807	21,834	37,030	43,856	65,808	67,940
Highland	7,210	18,890	24,566	24,342	51,918	58,713
Hocking	8,295	12,824	17,235	35,300	32,155	31,821
Holmes	4,000	8,095	27,042	122,833	40,693	45,295
Huron	44,700	61,365	94,148	20,500	144,247	156,975
Jackson	6,700	10,600	15,000	124,795	31,400	45,050

Table IV (continued)

INTANGIBLES TAX DISTRIBUTION TO LIBRARIES, BY COUNTY

SELECTED YEARS 1950-69

COUNTY	1950	1955	1960	1965	1968	1969
Jefferson	70,400	90,332	200,374	124,795	143,588	169,802
Knox	30,997	36,200	45,200	54,400	57,876	65,819
Lake	54,550	122,778	298,000	521,500	718,000	779,284
Lawrence	13,233	25,493	30,972	31,644	37,028	36,274
Licking	64,450	86,600	107,035	180,392	290,621	305,491
Logan	13,450	23,376	46,382	48,350	58,647	56,806
Lorain	130,225	216,789	365,928	479,870	565,013	613,851
Lucas	694,994	989,992	1,482,036	1,893,684	2,246,149	2,347,348
Madison	13,500	21,664	24,840	35,983	46,803	46,826
Mahoning	306,976	480,253	610,878	655,148	727,881	755,095
Marion	26,000	26,005	60,000	80,063	109,191	114,629
Medina	29,915	59,500	92,452	173,425	221,690	233,000
Meigs	6,400	6,400	8,000	14,300	15,000	15,000
Mercer	23,506	30,985	55,466	76,123	95,364	109,188
Miami	78,440	101,640	154,876	239,215	288,520	329,762
Monroe	3,850	5,600	9,000	12,000	14,685	15,928
Montgomery	609,910	1,072,950	1,748,420	1,719,000	1,951,800	2,208,185
Morgan	6,834	9,185	13,027	11,500	14,892	14,793
Morrow	2,700	3,300	7,500	12,000	15,000	15,000
Muskingum	68,450	76,273	158,871	105,870	148,646	160,024
Noble	2,000	3,500	4,000	6,783	8,840	8,814
Ottawa	6,500	13,350	34,000	71,050	91,000	91,000
Paulding	4,615	5,998	8,360	23,929	26,453	28,948
Perry	14,364	17,393	25,988	24,526	28,506	31,728
Pickaway	16,000	23,577	35,735	42,000	67,220	75,103
Pike	3,032	6,366	9,049	12,912	16,970	21,950
Portage	71,880	98,193	132,074	190,720	244,974	274,499
Preble	8,300	12,450	26,643	37,980	44,726	51,342
Putnam	8,000	14,250	16,000	27,000	27,000	28,000
Richland	73,000	101,110	186,000	235,000	308,392	335,410
Ross	17,121	55,740	85,349	113,012	145,179	143,777
Sandusky	45,863	78,032	111,839	131,040	159,697	172,715
Scioto	38,000	57,000	75,000	121,000	123,205	155,928
Seneca	35,575	56,823	86,930	139,840	243,295	292,623
Shelby	16,300	25,514	47,774	73,637	94,560	120,700
Stark	302,915	491,200	744,500	1,178,485	1,568,069	1,605,984
Summit	476,625	1,006,314	1,179 808	1,953,359	2,483,302	2,519,671
Trumbull	136,658	198,479	286,103	405,664	567,809	602,577
Tuscarawas	83,700	109,154	141,470	161,130	207,989	210,480
Union	13,087	16,621	27,500	45,102	59,362	66,276

Table IV (continued)

INTANGIBLES TAX DISTRIBUTION TO LIBRARIES, BY COUNTY

SELECTED YEARS 1950-69

OUNTY	1950	1955	1960	1965	1968	1969
Van Wert	25,507	29,771	39,000	50,795	56,000	67,679
Vinton	3,400	4,782	4,711	5,698	6,608	6,913
Warren	35,831	54,710	87,202	104,447	128,330	137,384
Washington	38,470	56,790	76,378	93,862	136,224	143,467
Wayne	53,861	61,752	102,900	213,021	264,772	231,034
Williams	26,225	47,157	73,662	92,287	106,025	131,049
Wood	67,800	112,595	386,000	422,082	607,117	688,350
Wyandot	10,217	12,750	24,744	32,562	43,845	52,562
STATE TOTALS	11,317,908	17,640,159	23,331,734	32,476,542	39,785,497	43,038,891

Source: Ohio Directory of Libraries, Columbus, The State Library of Ohio (annual).

Table V

PER CAPITA COLLECTIONS FROM INTANGIBLES TAX, BY COUNTY, SELECTED YEAR 1950-69

COUNTY	1950	1955	1960	1965	1968	1969
Adams	.16	.31	.41	.49	.60	.67
Allen	1.65	2.15	2.54	3.62	4.40	4.34
Ashland	2.63	3.01	3.16	3.55	3.85	3.59
Astabula	1.24	1.49	1.70	2.45	2.70	2.52
Athens	.77	1.12	1.32	1.55	1.72	1.48
Auglaize	1.60	2.11	2.77	3.96	4.66	4.40
Belmont	.90	1.17	1.57	1.77	1.98	2.19
Brown	.59	.83	.94	1.23	1.39	1.48
Butler	1.60	2.19	2.37	2.78	3.53	3.24
Carroll	.89	1.12	1.68	1.33	1.66	1.62
Champaign	1.50	1.45	1.76	1.87	2.63	2.59
Clark	1.45	1.88	2.03	2.70	2.85	2.81
Clermont	1.36	1.86	1.39	1.71	1.84	1.48
Clinton	1.19	1.83	2.39	2.92	3.34	3.22
Columbiana	1.60	1.79	2.10	2.21	2.76	2.75
Coshocton	1.77	2.57	2.96	3.80	4.48	4.53
Crawford	2.02	2.34	2.74	2.67	3.04	2.74
Cuyahoga	3.91	4.80	5.16	6.24	7.77	7.60
Darke	1.07	1.25	1.77	2.36	2.48	2.33
Defiance	.81	1.28	1.64	2.10	2.37	2.36
Delaware	1.11	1.76	2.48	3.30	3.87	3.89
Erie	2.36	3.12	3.00	3.88	4.87	4.52
Fairfield	1.83	2.22	2.29	2.90	3.64	3.13
Fayette	.90	1.18	1.43	2.14	2.94	3.07
Franklin	2.57	3.47	3.47	4.42	5.36	5.03
Fulton	1.01	1.23	2.10	2.38	2.83	2.75
Gallia	.41	.65	.75	1.45	1.35	1.22
Geauga	5.62	5.71	4.95	5.74	7.80	6.69
Greene	.94	1.41	1.29	2.04	2.50	1.97
Guernsey	.87	1.15	1.42	1.56	1.60	1.68
Hamilton	5.75	6.78	7.15	8.69	10.45	10.04
Hancock	2.32	3.19	3.67	4.43	5.41	5.10
Hardin	1.14	1.44	1.70	2.10	2.68	2.75
Harrison	1.13	1.60	1.70	2.00	2.22	2.62
Henry	.61	.97	1.46	1.73	2.59	2.47
Highland	.90	1.63	1.84	2.14	2.52	2.66
Hocking	.42	.66	.85	1.20	1.59	1.53
Holmes	.64	.96	1.37	1.63	1.88	1.93
Huron	1.61	1.86	2.18	2.67	3.10	3.06
Jackson	.99	1.10	1.20	1.33	1.86	1.83

Table V (continued)

PER CAPITA COLLECTIONS FROM INTANGIBLES TAX, BY COUNTY, SELECTED YEAR 1950-69

OUNTY	1950	1955	1960	1965	1968	1969
Jefferson	1.31	1.89	2.02	2.19	2.64	2.90
nox	1.87	2.06	2.52	2.50	2.82	2.90
ake	5.11	5.70	3.82	5.02	5.83	4.80
awrence	.47	.53	.56	.57	.67	.61
icking	1.59	2.12	2.76	2.75	3.22	2.99
ogan	.55	.96	1.57	1.52	1.90	1.92
orain	1.65	2.15	1.73	2.21	2.60	2.32
ucas	2.74	3.31	3.73	4.63	5.40	5.32
adison	.78	1.15	1.34	1.82	2.48	2.50
ahoning	1.83	2.30	2.42	2.59	3.01	2.95
arion	1.04	1.58	1.72	2.26	2.93	2.80
edina	1.77	2.16	2.26	2.98	3.40	3.15
eigs	.42	.60	.61	.84	1.03	1.16
ercer	1.26	1.84	2.32	3.14	3.39	3.28
iami	2.39	2.81	3.40	4.82	5.44	4.81
onroe	.46	.55	.79	1.27	.96	1.01
ontgomery	2.59	3.40	3.32	5.28	5.82	5.53
organ	.53	.71	1.02	.90	1.17	1.15
orrow	.49	.72	1.05	.98	1.16	1.08
uskingum	1.51	1.81	2.01	2.34	2.81	2.78
oble	.38	.43	.62	.62	.80	.86
ttawa	.97	1.41	1.64	2.57	2.70	2.82
aulding	.28	.40	.90	1.42	1.58	1.57
erry	.50	.64	.93	.88	1.02	1.15
ickaway	.79	1.13	1.18	1.74	1.87	1.79
ike	.21	.43	.47	.66	.88	1.02
ortage	1.47	1.99	1.67	2.08	2.67	2.33
reble	.50	.95	1.09	1.37	1.70	1.54
utnam	.72	.98	1.45	1.68	2.02	2.02
ichland	2.36	2.75	3.13	3.48	4.18	3.77
oss	.95	1.59	1.76	2.01	2.36	2.20
ndusky	1.65	1.85	1.98	2.32	2.83	2.77
cioto	.85	1.16	1.42	1.53	1.90	2.09
eneca	2.83	1.91	2.13	3.41	4.83	4.88
helby	1.27	1.78	2.04	2.57	3.12	3.19
tark	2.29	2.72	2.94	3.79	4.71	4.35
ummit	1.91	2.95	3.29	3.94	5.06	4.44
rumbull	1.67	2.10	1.94	2.52	3.48	3.21
uscarawas	1.55	1.64	2.23	2.59	3.23	2.93
nion	.63	.80	2.89	1.97	2.60	2.73

Table V (continued)

PER CAPITA COLLECTIONS FROM INTANGIBLES TAX, BY COUNTY, SELECTED YEAR 1950-69

COUNTY	1950	1955	1960	1965	1968	1969
Van Wert	.95	1.10	1.50	1.76	2.32	2.32
Vinton	.39	.64	.46	.55	.64	.72
Warren	1.13	1.67	1.33	1.59	1.95	1.60
Washington	1.47	1.96	2.01	2.31	2.64	2.50
Wayne	1.78	2.40	2.45	3.28	4.12	3.80
Williams	1.20	1.80	3.44	3.29	4.59	4.41
Wood	4.57	4.46	6.76	7.07	9.06	8.32
Wyandot	.71	.92	1.47	2.05	2.58	2.92
STATE AVERAGE	2.56	3.19	3.43	4.25	5.15	4.89
Per Capita Collections in Highest Co.	5.75	5.71	6.76	7.07	10.45	10.04
Lowest Co.	.16	.31	.41	.49	.60	.61
Range in per capita collections	5.59	5.40	6.35	6.58	9.85	9.43
Ratio, highest county to lowest	36:1	19:1	16:1	14:1	17:1	16:1
Number of counties collecting:						
more than 150% of state average	4	4	3	2	4	3
less than 50% of state average	53	41	39	39	35	34

Source: Ohio Directory of Libraries, Columbus, The State Library of Ohio (annual).

Table VI

PERCENT OF INTANGIBLES TAX COLLECTIONS

DISTRIBUTED TO LIBRARIES, BY COUNTY

SELECTED YEARS 1950-69

OUNTY	1950	1955	1960	1965	1968	1969
lams	58	46	86	100	100	100
llen	92	99	100	92	95	95
shland	42	61	51	53	56	57
stabula	84	85	90	93	94	94
thens	53	55	81	80	83	81
ıglaize	35	60	40	65	63	59
elmont	81	99	96	94	95	96
rown	27	34	82	66	63	66
utler	52	57	63	75	74	78
arroll	49	52	54	70	69	76
hampaign	67	69	78	86	80	76
lark	50	56	75	100	99	100
lermont	0	46	69	95	96	94
linton	49	59	72	71	86	94
olumbiana	64	77	80	89	80	84
oshocton	35	75	58	51	61	59
rawford	32	34	41	45	54	50
uyahoga	84	96	87	99.9	97	99
arke	72	100	92	91	88	89
efiance	81	82	85	83	86	88
elaware	64	70	59	60	64	57
rie	46	46	61	55	57	61
airfield	34	39	44	53	54	75
ayette	49	41	36	68	59	63
ranklin	43	77	87	96	100	95
ulton	100	100	99	100	100	100
allia	100	100	100	99.3	100	100
eauga	14	26	31	56	91	88
reene	79	99	100	89	93	96
uernsey	78	96	100	100	100	100
lamilton	29	39	39	44	45	47
lancock	27	32	45	44	61	58
lardin	43	77	82	93	82	92
larrison	56	74	85	84	89	79
lenry	100	100	100	100	100	100
lighland	30	42	46	75	69	71
locking	100	100	100	100	100	100
olmes	33	45	91	100	100	100
uron	96	84	91	97	98	98
Jackson	24	34	42	52	57	83

Table VI (continued)

PERCENT OF INTANGIBLES TAX COLLECTIONS

DISTRIBUTED TO LIBRARIES, BY COUNTY

SELECTED YEARS 1950-69

COUNTY	1950	1955	1960	1965	1968	1969
Jefferson	56	49	49	57	55	59
Knox	47	50	46	56	53	56
Lake	14	28	52	70	83	84
Lawrence	57	98	100	100	100	100
Licking	58	58	43	73	100	94
Logan	78	78	85	92	89	82
Lorain	53	68	97	100	100	100
Lucas	64	76	87	89	91	90
Madison	78	85	70	74	71	63
Mahoning	65	81	84	100	100	100
Marion	50	33	58	59	62	61
Medina	42	68	62	89	99.8	92
Meigs	65	46	60	77	66	61
Mercer	66	59	73	74	86	95
Miami	54	59	62	68	73	81
Monroe	64	66	74	62	100	100
Montgomery	59	79	69	62	64	67
Morgan	100	100	100	100	100	100
Morrow	32	27	37	63	67	66
Muskingum	61	57	48	57	67	71
Noble	45	69	59	100	100	100
Ottawa	67	45	59	78	96	84
Paulding	100	100	55	100	100	100
Perry	100	94	100	100	100	100
Pickaway	69	71	84	67	100	100
Pike	100	100	100	100	100	100
Portage	76	77	86	99.7	99.7	100
Preble	61	48	75	85	81	90
Putnam	44	57	40	57	47	45
Richland	34	40	50	57	63	66
Ross	54	78	96	100	100	100
Sandusky	60	91	100	100	100	100
Scioto	54	59	63	94	77	90
Seneca	25	59	69	69	85	96
Shelby	45	50	70	85	90	100
Stark	47	64	74	91	98	100
Summit	61	83	70	96	96	100
Trumbull	52	59	70	77	78	79
Tuscarawas	77	94	83	81	84	90
Union	100	100	42	100	100	100

Table VI (continued)

PERCENT OF INTANGIBLES TAX COLLECTIONS

DISTRIBUTED TO LIBRARIES, BY COUNTY

SELECTED YEARS 1950-69

NTY	1950	1955	1960	1965	1968	1969
Wert	100	100	90	100	84	100
ton	82	69	100	100	100	100
ren	82	85	100	100	100	100
ington	59	65	73	79	100	100
ne	49	44	56	86	85	69
liams	83	100	71	93	77	91
d	25	42	79	82	92	100
ndot	100	100	100	100	100	100
TE ALS	56.0	70.0	70.0	79.0	81.1	83.4

rce: Ohio Directory of Libraries, Columbus, The State Library of Ohio, (annual).

inherently conjectural. Anything is of course possible, including outright repeal of the intangibles tax and consequent loss of this revenue source by libraries. The most reasonable assumption on which to base such a projection, however, is that the future will be much like the past. In this case specifically, it is assumed that the intangibles tax will continue in effect, that the rate will remain unchanged, that the revenue will continue to be available to libraries on a first claim basis, and that the proportion going to libraries will continue to rise. Strictly speaking, the results are not "forecasts" but "projections" of the dollar consequences of these specific assumptions as to the future.

Intangibles tax collections are projected to 1978, county by county, on the assumption that the annual changes from 1970-78 will be the same as the average percentage change in collections recorded during the base period 1961-69. Implicit in this procedure are several assumptions: that the tax base will continue to grow in the future as it has in the past, which in turn implies continuation of past patterns of county population growth, overall economic activity, personal interest and dividend income, and price changes; and that enforcement will be about as effective in the future as it has been in the past.

At the individual county level, some of these assumptions are very likely to be wide of the mark. Because of probable error in individual county projections, the data presented here focus on groups of counties, representing one possible configuration of counties for purposes of participating in Area Library Service Organizations, as proposed in the Ohio Library Development Plan. The projections are however built up from individual county data. The average annual percentage changes for the period 1961-69 are shown in Table VII. The actual dollar projections for each county have been made available to the State Library of Ohio to permit updating of the projections and recombining counties into different regional groupings.

Intangibles tax collections, statewide, are projected to increase by more than one-half from 1970 to 1978 (Table VIII). The increase is estimated to be most rapid in Regions II, III, and X, in the western portions of Ohio, and slowest in the southeastern counties comprising Region VII. (Figure I)

Perhaps more significant, however, is the fact that when counties are grouped as in this hypothetical example, the extreme variations found among Ohio counties are somewhat dampened. If all areas realize combined collections increases of from 36 to 76 percent, and if library resources come increasingly to be utilized on a regional basis as contemplated in the OLDP, an important step will have been taken toward strengthening and equalizing financial support of Ohio's public libraries.

Table VII

AVERAGE ANNUAL INCREASE IN
INTANGIBLES TAX COLLECTIONS, BY COUNTY
(1961-1969)

COUNTY	AVERAGE % INCREASE	RANK
Adams	2.8	78
Allen	6.4	19
Ashland	3.1	77
Ashtabula	5.4	36
Athens	3.5	71
Auglaize	5.9	24
Belmont	3.8	79
Brown	5.1	42
Butler	5.9	25
Carroll	0.0	87
Champaign	5.6	31
Clark	5.1	40
Clermont	4.3	58
Clinton	4.5	56
Columbiana	3.8	68
Coshocton	4.0	66
Crawford	1.6	85
Cuyahoga	5.8	28
Darke	3.3	76
Defiance	4.1	62
Delaware	5.1	41
Erie	6.1	23
Fairfield	5.0	45
Fayette	8.0	5
Franklin	5.8	26
Fulton	3.7	70
Gallia	1.7	84
Geauga	8.7	4
Greene	8.0	6
Guernsey	2.5	82
Hamilton	5.0	47
Hancock	6.3	21
Hardin	4.7	51
Harrison	5.2	38
Henry	7.9	7
Highland	3.3	75
Hocking	7.4	10
Holmes	4.8	50
Huron	5.0	43
Jackson	6.8	15

Table VII (continued)

AVERAGE ANNUAL INCREASE IN
INTANGIBLES TAX COLLECTIONS, BY COUNTY
(1961-1969)

COUNTY	AVERAGE % INCREASE	RANK
Jefferson	4.0	65
Knox	2.7	79
Lake	6.5	18
Lawrence	0.0	88
Licking	5.6	34
Logan	4.6	54
Lorain	4.7	52
Lucas	5.0	48
Madison	8.8	3
Mahoning	2.5	81
Marion	6.6	17
Medina	5.7	29
Meigs	5.1	39
Mercer	3.3	73
Miami	5.6	32
Monroe	4.0	64
Montgomery	7.5	9
Morgan	2.1	83
Morrow	1.3	86
Muskingum	4.3	59
Noble	3.9	67
Ottawa	6.9	14
Paulding	5.7	30
Perry	2.7	80
Pickaway	5.6	33
Pike	13.0	1
Portage	6.7	16
Preble	5.6	35
Putnam	4.6	55
Richland	4.4	57
Ross	3.3	74
Sandusky	4.6	53
Scioto	4.2	60
Seneca	11.1	2
Shelby	4.9	49
Stark	5.8	27
Summit	5.3	37
Trumbull	7.1	11
Tuscarawas	3.3	72
Union	6.9	13
Van Wert	5.0	44
Vinton	5.0	46
Warren	6.1	22

Table VII (continued)

AVERAGE ANNUAL INCREASE IN
INTANGIBLES TAX COLLECTIONS, BY COUNTY
(1961-1969)

COUNTY	AVERAGE % INCREASE	RANK
Washington	4.2	61
Wayne	6.4	20
Williams	7.9	7
Wood	4.1	63
Wyandot	6.9	12
STATE Average	5.1	

Source: Ohio Directory of Libraries, Columbus, The State Library of Ohio, (annual).

Table VIII

PROJECTED INTANGIBLES TAX COLLECTIONS BY

COUNTY GROUPS (1970-1978)

(Thousand Dollars)

COUNTY GROUP	1970	1971	1973	1975	1977	1978	PERCENT CHANGE
I	$4,895	$5,169	$5,771	$6,450	$7,218	$7,639	+56
II	1,162	1,302	1,454	1,625	1,816	1,921	+65
III	5,125	5,498	6,331	7,293	8,404	9,022	+76
IV	11,319	11,903	13,167	14,564	16,112	16,947	+50
V	3,912	4,128	4,595	5,117	5,698	6,013	+54
VI	2,872	3,020	3,341	3,697	4,093	4,248	+48
VII	712	740	779	863	930	968	+36
VIII	636	664	725	793	837	897	+41
IX	1,597	1,673	1,840	2,024	2,230	2,341	+47
X	430	458	518	588	669	712	+66
XI	5,126	5,434	6,105	6,859	7,708	8,170	+59
XII	2,046	2,137	2,355	2,600	2,875	3,027	+48
XIII	15,552	16,501	18,579	20,916	23,553	24,995	+61
STATE TOTAL	55,384	58,628	65,559	73,389	82,143	86,900	+57

Source: See text for method of projection and data sources.

Figure I

Hypothetical Grouping of Counties for Purposes of Projecting Intangibles Tax Revenues and ALSO Costs

III. THE ROLE OF THE STATE GOVERNMENT IN LIBRARY FINANCING

If one looks at the evolution of the public library system over the past century, it becomes apparent that two kinds of change have taken place in the relationship of government to the libraries. One is the gradual evolution of libraries as a governmental, or public, function. In the early day of Ohio's settlement, libraries were privately owned and were open only to members of the voluntary associations formed to operate them. Gradually as it came to be recognized that there is a general public interest that is served by having an open public library system, the libraries began offering free service to all local residents. Thus, for reasons similar to those that caused education gradually to become a responsibility of the local community as a whole, the library also gained recognition as a public institution, to be supported by the general public through taxation. The library, in other words, came to be seen as yielding benefits to all members of the community, whether users or not.

The second evolutionary change has been the gradual acceptance of the view that public libraries are not matters of purely local concern, but that there is a larger sense in which the state government itself must be concerned with the existence or nonexistence of public libraries in each local community, and with the quality of library service provided. Behind this change in attitude lie all the complex economic and social changes that are associated with the evolution of a rural agrarian society made up of relatively isolated and independent local settlements into a modern industrial society characterized by high mobility, rapid transportation and communication, and swiftly advancing technology. Where 50 years ago it was a matter of slight concern to the inhabitant of one of Ohio's large cities whether a rural community 150 miles away had a public library, it is evident today that such "spillover" benefits are indeed prevalent.

Like most other states, Ohio long left the library function almost entirely to local units of government. While the state government provides certain services to local communities in the formation and operation of libraries, no state funding was available for local libraries until the 1930's.

The changes that occurred in Ohio in 1931-33 fundamentally altered state-local relationships in the library area. The establishment of a prior claim by libraries to revenue from the local situs intangibles tax, as described in the preceding section, gave libraries direct access to a source of state tax revenue. Because the intangibles

tax in part replaced a pre-existing system of locally levied property taxes, and because the revenue remains entirely within the county of origin, it has been possible to view the intangibles tax as a local tax. But in the more relevant respects--state enactment, a statewide uniform rate, and state administration--it is more properly regarded as a state tax. In this latter view, Ohio's public libraries are financed today largely by the state, and have been since 1933.

Consequently there has been a strong tendency on the part of state policy makers to assume that by making intangibles tax money available to local libraries, the state has more than met its responsibility toward this function of government. Appeals for additional state support for libraries have tended to fall on deaf ears. Proponents themselves have been hampered in their efforts to explain why, in view of the relatively high average level of library support found in Ohio, and the relatively far greater difficulty of raising tax revenue for other functions of state and local government, additional state support of libraries is necessary.

The result has been that Ohio's state appropriation for grants-in-aid to public libraries has been very low in comparison with that of many other states. According to information assembled by the Council of State Governments and presented in the 1970-71 edition of The Book of the States, the Ohio appropriation of $331,040 for grants-in-aid to public libraries was below the corresponding amount for 20 other states, including many that are considerably smaller and poorer than Ohio (Table IX).

Nor has state aid to public libraries in Ohio grown in pace with state aid to other major governmental functions in which joint state-local responsibility is recognized. The 1970 appropriation of $388,000 represents an increase of 30 percent over that of 1964--a gain that is only slightly greater than the rise in prices over that period and well below the increase in most other functions (Table X). Many state-aided functions received more than double the support in 1970 than they did in 1964 and some increased several fold.

The significance of these observations is that Ohio now, through enactment of the Ohio Library Development Program, has accepted the principle of a larger state role in library financing. No longer is the intangibles tax alone regarded as an adequate response by the state to the public library needs of Ohio. State equalizing grants, designed to raise the level of library service in the poorer areas of the state, are now provided for by law.

Table IX

APPROPRIATIONS, EXCLUSIVE OF FEDERAL GRANTS, FOR THE STATE LIBRARY AGENCIES THAT INCLUDE PUBLIC LIBRARY EXTENSION SERVICE AS ONE FUNCTION*

(Fiscal year ending in 1969)

State	Name of agency and functions†	Appropriation for agency**	Appropriation for grants-in-aid to public libraries
Alabama	Alabama Public Library Service, 1, 8, 9, 10, 12, 13, 14	$ 240,400	$ 115,000
Alaska	State Library, 1, 2, 3, 6, 7, 8, 9, 10, 11, 14	92,300	9,000
Arizona	Dept. of Library & Archives, 1, 2, 3, 4, 5, 6, 7, 8, 10, 13, 14	288,530	none
Arkansas	Arkansas Library Commission, 1, 4, 8, 9, 10, 11, 12, 14	174,400	400,000
California	State Library, 1, 2, 4, 5, 6, 7, 8, 9, 10, 12, 13, 14	1,727,352	1,200,000
Colorado	State Library, 1, 6, 7, 8, 9, 10, 11, 12, 13, 14	184,596	470,000
Connecticut	State Library, 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 13, 14	1,311,185(a)	333,000
Delaware	State Library Commission, 1, 2, 8, 9, 12, 13, 14	82,000	33,740
Florida	State Library, 1, 2, 6, 7, 8, 9, 10, 12, 13	138,860	206,000
Georgia	Public Library Service, Dept. of Education, 1, 8, 9, 10, 12, 14	382,498	3,351,570(b)
Hawaii	State Library System, 1, 2, 6, 7, 8, 9, 10, 12	3,116,268	(c)
Idaho	State Library, 1, 8, 9, 10, 13, 14	92,450	none
Illinois	State Library, 1, 4, 6, 7, 8, 9, 10, 13, 14	1,065,135	4,707,695
Indiana	State Library, 1, 2, 3, 6, 7, 8, 9, 10, 13, 14	539,535	none
Iowa	State Traveling Library, 1, 4, 6, 8, 9, 10, 12, 14	130,050	none
Kansas	State Library, 1, 4, 5, 6, 7, 8, 10, 11, 13, 14	826,899	none
Kentucky	Dept. of Libraries, 1, 6, 8, 9, 10, 11, 12, 13, 14	1,451,725	460,000
Louisiana	State Library, 1, 2, 4, 7, 8, 9, 10, 12, 13, 14	311,730(a)	none
Maine	State Library, 1, 2, 4, 5, 6, 7, 8, 9, 10, 13, 14	217,958	18,250
Maryland	Div. of State Library Services, Dept. of Education, 1, 8, 9, 10, 11, 13, 14	327,560	2,552,407
Massachusetts	Bureau of Library Extension, Dept. of Educ., 1, 8, 10, 11, 13, 14	214,060	2,550,721(a)
Michigan	State Library, 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 13, 14	1,007,800	1,217,100
Minnesota	Public Libraries Section, Dept. of Educ., 1, 7, 8, 13, 14	68,315	380,000
Mississippi	State Library Commission, 1, 6, 7, 8, 9, 10, 12, 13, 14	237,500	none
Missouri	State Library, 1, 6, 8, 10, 12, 13, 14	330,658	457,456
Montana	State Library, 1, 4, 7, 8, 9, 10, 11, 12, 13, 14	100,000	none
Nebraska	Public Library Commission, 1, 8, 9, 10, 11, 13, 14	93,314	none
Nevada	State Library, 1, 2, 5, 6, 7, 8, 9, 10, 12, 13, 14	252,652	none
New Hampshire	State Library, 1, 2, 4, 5, 6, 7, 8, 9, 10, 12, 13, 14	296,396	35,500
New Jersey	State Library, Archives & History, Dept. of Educ., 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 13, 14	772,539	3,976,000
New Mexico	State Library, 1, 2, 6, 7, 8, 9, 10, 11, 13, 14	380,500(a)	20,000
New York	State Library, 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 13, 14	667,000	14,600,000(a)
North Carolina	State Library, 1, 2, 4, 6, 7, 8, 9, 10, 12, 13, 14	345,314	736,250
North Dakota	State Library Commission, 1, 7, 8, 10, 13, 14	87,200	none
Ohio	State Library, 1, 2, 4, 6, 7, 8, 9, 10, 12, 13, 14	251,024	331,040
Oklahoma	Dept. of Libraries, 1, 3, 4, 5, 6, 7, 8, 10, 12, 13, 14	463,961	50,000
Oregon	State Library, 1, 2, 3, 4, 6, 7, 8, 9, 10, 13, 14	653,881	none
Pennsylvania	State Library, 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14	713,333	4,964,356
Rhode Island	Dept. of State Library Services, 1, 8, 9, 10, 12, 13, 14	231,844	570,751(d)
South Carolina	State Library, 1, 4, 6, 7, 8, 9, 10, 13, 14	120,987	478,519
South Dakota	State Library Commission, 1, 4, 8, 9, 10, 11, 12, 13, 14	98,000	none
Tennessee	State Library & Archives, 1, 2, 3, 6, 7, 8, 9, 10	735,522	604,000(a)
Texas	State Library, 1, 2, 3, 6, 7, 8, 9, 10, 12, 13, 14	424,418	none
Utah	State Library Commission, 1, 6, 7, 8, 9, 10, 12, 13, 14	191,066(a)	none
Vermont	Free Public Library Service, 1, 8, 9, 10, 11, 13, 14	261,365(a)	none
Virginia	State Library, 1, 2, 3, 6, 7, 8, 10, 14	948,905	350,000(b)
Washington	State Library, 1, 2, 4, 6, 7, 8, 9, 10, 12, 13, 14	656,711	138,892
West Virginia	Library Commission, 1, 8, 9, 10, 13, 14	254,652	128,718
Wisconsin	Div. of Library Services, Dept. of Public Instruction, 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14	396,500	none
Wyoming	State Library, 1, 2, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14	88,626	none
Total		$24,045,474	$45,551,965

*Prepared by the American Library Association.

†The functions of state library agencies reported, designated by numbers in this column, are:
1. General library service, including reference.
2. Genealogy and history.
3. Archives and record management.
4. Legislative reference.
5. Law library.
6. Federal document depository.
7. State document depository.
8. Library extension, including traveling libraries and/or establishing public libraries.
9. Service to the blind and physically handicapped.
10. Service to correctional and custodial institutions.
11. Service to local schools.
12. Processing for local libraries.
13. Newsletter.
14. Publications.

**Exclusive of the appropriation for grants.

(a) Includes funds for state-supported county (or parish) and regional library demonstrations or centers.

(b) Includes funds for books and locally employed librarians.

(c) Hawaii's is a totally integrated system; all public library and state library support included in preceding column.

(d) Includes contractual payments to public libraries for statewide services.

Source: The Book of the States, 1970-71

Table X State Aid to Schools, Colleges, Local Governments and Individuals, Selected Functions, fiscal years 1964, 1968, and 1970.

FUNCTION	(Thousand Dollar) 1964	1968	1970	Percent Change 1964-197
Elementary and Secondary Education	$268,603	$388,012	$520,540	94
Higher Education	60,174	148,045	220,246	266
Aid to Aged	66,803	49,282	60,657	-8
Aid to Blind	1,484	2,478	2,660	79
Aid to Crippled Children	671	907	1,019	52
Aid to Dependent Children	11,800	94,374	127,868	984
Aid to Disabled	5,350	19,381	29,399	450
Public Assistance	20,956	52,070	59,737	185
Case Services to Blind	138	218	218	58
Health Care	19,707	71,982	93,284	373
Library Aid	298	348	388	30
Local Health Districts	448	415	414	-8
Probation Program--Youth	107	298	374	250
Mentally Deficient--Youth	1,121	1,834	2,716	142
Community Mental Health	----	----	4,983	---
Agriculture, Natural Resources	241	574	663	175
Veterans Organizations, Military	135	267	275	105
Historical Society	589	878	1,565	166
Total, Including items not shown separately	452,841	882,993	1,130,576	150

Source: Annual Reports of the State Auditor

Questions remain as to the extent of needed state funding to accomplish the objectives set out in the OLDP, and the possible sources of such funds. These issues are examined in the following sections.

IV. THE ADEQUACY OF PUBLIC LIBRARY SERVICES

The "adequacy" of public library services in Ohio is a matter of considerable controversy. The concept itself is ambiguous. The term "adequacy" presupposes some measure of "need" against which the level of performance may be measured. It has already been noted that the level of actual performance, insofar as it is revealed in per capita expenditures, varies greatly among Ohio counties. It may be presumed that "need" for library services, in the sense of what the inhabitants of the community want and are willing to pay for, also varies among Ohio counties.

As a practical matter it is difficult if not impossible to obtain in a reliable indicator of intensity of public demand for the services of the library or of public willingness to support it. The problem is inherent in the nature of public services, in which part or all the benefit is communitywide rather than flowing to individual users.

To attempt to fashion some sort of quantitative standard against which current levels of performance can be measured, this study explores three different approaches. The first represents simply a "costing out" insofar as possible of the provisional standards of library service as adopted by the Ohio Library Association in June of 1970. The second focuses on a comparison of the funding requests as submitted by boards of library trustees with the amounts finally allocated by the CBC. The third is based on a survey of public libraries throughout the state to obtain individual librarians' perceptions of the level of library expenditure taxpayers in that local community would be willing to support.

It is obvious that each of these approaches suffers from conceptual defects or practical limitations, or both. Nonetheless it is thought that the results have some value for indicating the general magnitude of any gap between present levels of library support and the "ideal," the relative size of the gap among various regions of the state, and the kinds of additional facilities and services that appear to librarians to be most in need of expansion.

The OLA Standards

Like other professional groups, librarians have long been interested in advancing standards of performance of library service. The American Library Association in 1943 promulgated standards of library service as goals for the postwar period. Since that time the ALA standards have been updated periodically, reflecting changing and growing demands being made on the public libraries and rising costs and salary scales.[11]

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[11] Minimum Standards for Public Library Systems, 1966, Chicago American Library Association, 1967.

In 1968, in placing its support behind the Ohio Library Development Plan, the OLA for the first time set itself the task of defining standards of "essential library service" to serve as a criterion for evaluating performance of Ohio libraries. The Association defined the essential public services of a public library as "those that provide easy access to materials needed by every individual, regardless of where he lives in Ohio, his age or education, his occupation, school work, family life, or for self-development, and to the necessary staff resources to bring about their effective use, connected with other libraries so that Ohio's total library and information resources are available to him."[12]

In its report submitted in March, 1970, the Subcommittee on Standards of the Library Development Committee of OLA proposed 92 specific standards covering all aspects of library development and operation. In the words of the "Introduction" of these standards,

> The standards outlined were based upon the premise that every public library in Ohio wants to provide a quality of library service beyond the barest minimum of essential services. These standards are quantitative criteria which a community or system library should meet to provide the reasonable quality of library services needed by Ohioans today. However, quantitative criteria available for measuring library services are not sufficiently developed to provide a total measure of the library service program.
>
> As useful as quantitative standards are, they do not measure quality of service. Quality service requires a staff which constantly gathers knowledge of the changing nature of the community; evaluates the library program and collection in terms of expressed and unexpressed needs; and provides professional knowledge on how to effectively relate these needs to the purpose of the library.

For purposes of this study 3 of the 92 specific standards were chosen to be "costed out." The choice was governed by (1) whether the standard was expressed in specific enough terms to permit quantification, and (2) the importance of the objective in the over-all operation of libraries.

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[12] Standards for the Public Libraries of Ohio, Columbus, Ohio Library Association, 1970. (italics in original).

Total Operating Cost Standard

Probably the most important single standard established by the OLA is that pertaining to total financial support. It essentially subsumes many of the other specific standards. Moreover it is expressed in relatively unambiguous terms.

Standard No. 13 states that for "community libraries" (construed here to mean a library which has no branches and which is not a part of another local library system) "the minimum operating budget...should be $65,000." Standard 14 goes on to say that this amount "should be increased by $5 per capita for all population over 10,000."[13]

In equation form this standard may be expressed:

$$Y = \$65,000 + \$5\ (X - 10,000)$$

where Y represents total operating budget and X, the population of the area served by the library.[14]

The same standard, as applied to systems (construed here to mean a library with at least one branch) states that "for systems serving up to 1,000,000 in population, the cost per capita should be $5.50."[15] In mathematical terms:

$$Y = \$5.50X$$

For every library and library system in Ohio that is now below this standard to come up to the OLA operating budget standard would require total operating expenditures of about $66 million or almost $27 million more than the 1969 actual expenditures (Table XI). Only in Cuyahoga County did the operating budgets of libraries within the county total to more than the OLA standard requires.

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[13]Ibid, p. 8.

[14]Population estimates for library service areas for 1967 were obtained from the State Library of Ohio. Thesee estimates, while the best obtainable, must be recognized as being at best rough approximations. Many libraries provide provide service to large numbers of users who reside outside the "legal service area" while others may serve only a small portion of their geographic area.

[15]It is not stated what the cost per capita should be for systems serving more than 1,000,000 persons. The latest available population estimates, however, show no library serving an area having more than one million population.

Table XI

LIBRARY OPERATING BUDGETS, OLA STANDARD AND ACTUAL, 1969, BY COUNTY

County	Amount Required to Meet OLA Standards (Thousands)	Amount Operating Expenditure, 1969 (Thousands)	Additional needed to Bring up to OLA Standards (Thousands)
Adams	130	20	110
Allen	684	412	272
Ashland	244	75	169
Ashtabula	779	238	541
Athens	275	76	199
Auglaize	335	121	214
Belmont	685	202	483
Brown	130	27	103
Butler	1,252	561	691
Carroll	130	21	109
Champaign	253	67	186
Clark	816	398	382
Clermont	544	159	385
Clinton	255	129	126
Columbiana	689	251	438
Coshocton	180	95	85
Crawford	231	76	155
Cuyahoga	9,668	14,397	0
Darke	381	101	280
Defiance	199	65	134
Delaware	261	95	166
Erie	560	192	368
Fairfield	437	166	271
Fayette	149	44	105
Franklin	4,682	3,757	925
Fulton	390	106	284
Gallia	149	69	80
Geauga	411	233	178
Greene	686	237	449
Guernsey	260	71	189
Hamilton	5,046	4,313	733
Hancock	356	152	204
Hardin	466	95	371
Harrison	160	40	120
Henry	455	135	320
Highland	170	39	131
Hocking	109	37	72
Holmes	390	43	347
Huron	552	185	367
Jackson	212	36	176
Jefferson	585	133	628

Table XI (continued)

County	Amount Required to Meet OLA Standards (Thousands)	Amount Operating Expenditure, 1969 (Thousands)	Additional needed to Bring up to OLA Standards (Thousands)
Knox	266	67	199
Lake	1,074	786	288
Lawrence	301	47	254
Licking	743	244	499
Logan	585	51	534
Lorain	1,431	634	797
Lucas	2,647	2,386	261
Madison	260	51	209
Mahoning	1,792	1,188	604
Marion	366	116	250
Medina	467	202	265
Meigs	130	21	109
Mercer	328	108	220
Miami	588	287	301
Monroe	99	19	80
Montgomery	3,453	2,214	1,239
Morgan	130	30	100
Morrow	260	15	245
Muskingum	413	156	257
Noble	67	18	49
Ottawa	266	88	178
Paulding	107	39	68
Perry	520	34	486
Pickaway	212	70	142
Pike	127	24	103
Portage	634	266	368
Preble	720	84	636
Putnam	325	35	290
Richland	687	343	344
Ross	455	170	285
Sandusky	390	150	240
Scioto	466	151	315
Seneca	572	145	427
Shelby	260	104	156
Stark	2,260	1,654	606
Summit	3,205	2,534	671
Trumbull	1,346	513	833

Table XI (continued)

County	Amount Required to Meet OLA Standards (Thousands)	Amount Operating Expenditure, 1969 (Thousands)	Additional needed to Bring up to OLA Standards (Thousands)
Tuscarawas	679	215	464
Union	195	44	151
Van Wert	195	107	88
Vinton	65	18	47
Warren	491	148	343
Washington	317	152	165
Wayne	491	237	254
Williams	455	106	349
Wood	738	438	300
Wyandot	201	48	153
State Total	66,190	44,226	26,768

Throughout the state there were in 1969 only 18 libraries or library systems that came up to the OLA standard. Eight of these were in Cuyahoga County, five in Franklin County, two in Summit County and one each in Lake, Montgomery, and Stark Counties.

In 72 of Ohio's 88 counties, the operating budget for libraries would need to be more than doubled to meet the OLA operating expenditure standard. Consolidation of libraries and elimination of some small branches would of course help to narrow the gap, though at some loss of service. However it may be significant that there is no county in which consolidation alone would bring the library system up to the OLA standard.

Library Volume Requirement

With respect to the size of collection, the OLA standard calls for each community library to have a minimum basic collection of 25,000 volumes. For populations over 10,000 the collections should be increased by at least 3 volumes per capita. The required number of volumes may thus be expressed as

$$Y = 25{,}000 + 3\ (X - 10{,}000)$$

where Y = total number of volumes and X = the population served. For library systems the OLA standard states that "the system should own resources of two to four volumes per capita in an area serving 1,000,000 population and over." This appears to call for a sliding scale of volumes per capita decreasing from 4 per capita in the smallest to 2 per capita in the largest.

The minimum number of volumes for any system would then be 50,000 (25,000 volumes each in the headquarters library and one branch in an area containing 10,000 persons or less), and the number of volumes should decline from this level of 5 per capita to 2 per capita at population of 1,000,000. In other words, additional volumes should be added at the rate of 1.98 per capita through the population range from 10,000 to 1,000,000.[16] The required number of volumes for a system may be expressed as

$$Y = 50{,}000 + 1.98\ (X - 10{,}000)$$

Figure II illustrates this relationship diagrammatically.

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[16] $\frac{\text{change in total volumes}}{\text{change in total population}} = \frac{1{,}950{,}000}{990{,}000} = 1.98$

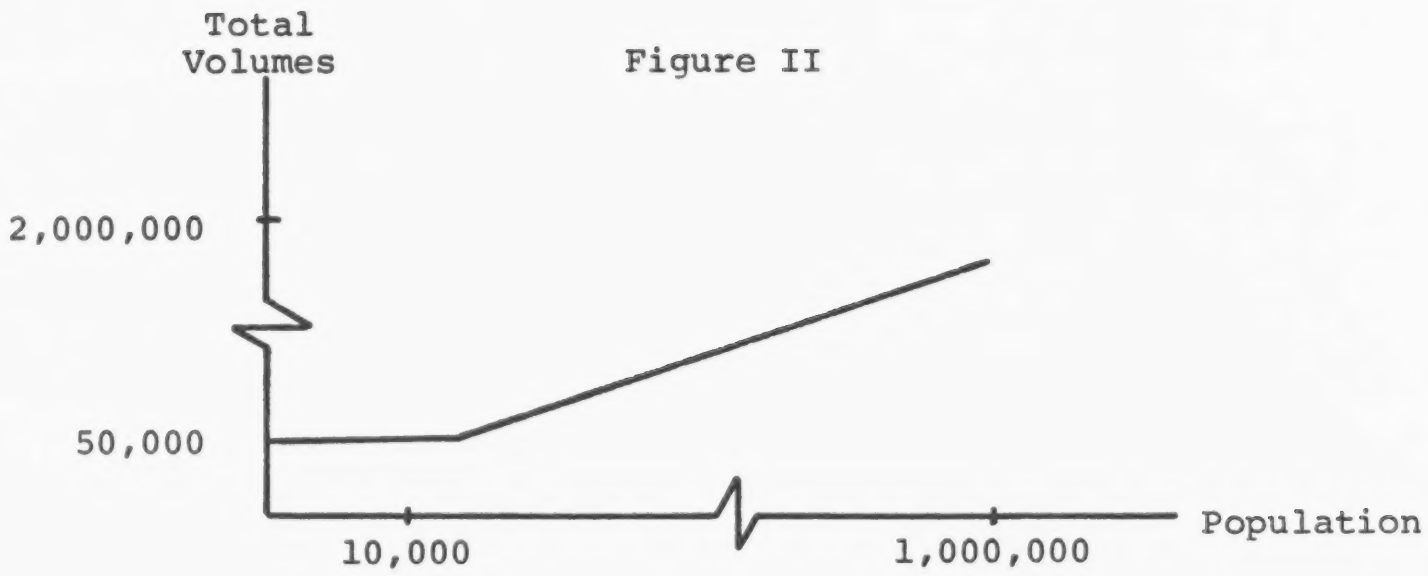

Figure II

In 1969, the public libraries of Ohio contained a total of 24.8 million volumes (Table XII). This amounted to an average of well over 2 volumes per capita of the state population. In aggregate terms, therefore, the library resources of Ohio would be roughly adequate by OLA standards, were it not for their uneven distribution. Because of the concentration of library resources in certain areas, and because of the large number of small understocked libraries and library systems, a sizable gap appears between the OLA standard and actual library holdings.

In eight counties, the total number of volumes in the public libraries equals or exceeds the number called for by the OLA standard (Table XII). Among these eight are Cuyahoga and Hamilton counties, along with some of the smaller counties such as Hocking, Henry and Vinton counties. All other counties in the state fell short of the OLA standard.

Table XII, which shows a total of 7.3 million additional volumes needed statewide to bring Ohio libraries up to this particular OLA standard, actually understates the gap. Within each county, the gap is calculated by subtracting actual holdings from the OLA standard for each library. Some libraries exceed the standard while others fall short, and these differences tend to cancel in the summation. In building library collections to meet the standard, however, it is unrealistic to assume that volumes will be taken from those that exceed it and given to those below. It must rather be assumed that all these below would be increased, with no change in the holdings of those above the standard. Had the calculations been carried out in this way, the additional volumes required to meet this standard would be considerably larger than the 7.3 million shown in Table XII.

Table XII

TOTAL VOLUMES IN PUBLIC LIBRARIES AND

OLA STANDARD FOR NUMBER OF VOLUMBES, BY COUNTY, 1969

County	OLA Standard	Actual Total Volumes	Differences between OLA Standard and Actual
Adams	50	19	31
Allen	278	222	56
Ashland	118	76	42
Ashtabula	334	322	12
Athens	129	79	50
Auglaize	117	101	16
Belmont	210	176	34
Brown	50	22	28
Butler	511	326	188
Carroll	110	90	19
Champaign	N.A.	N.A.	N.A.
Clark	334	456	-122
Clermont	226	N.A.	N.A.
Clinton	111	85	26
Columbiana	315	326	- 11
Coshocton	95	83	12
Crawford	108	76	32
Cuyahoga	3,176	5,510	-1,794
Darke	172	128	45
Defiance	102	65	37
Delaware	114	92	23
Erie	239	155	83
Fairfield	189	156	31
Fayette	75	41	35
Franklin	1,842	1,514	328
Fulton	150	150	- 1
Gallia	75	61	14
Geauga	181	114	68
Greene	277	176	101
Guernsey	104	77	27

Table XII (continued)

TOTAL VOLUMES IN PUBLIC LIBRARIES AND

OLA STANDARD FOR NUMBER OF VOLUMES, BY COUNTY, 1969

County	OLA Standard	Actual Total Volumes	Differences between OLA Standard and Actual
Hamilton	1,847	2,615	-768
Hancock	160	92	68
Hardin	182	140	42
Harrison	68	67	1
Henry	156	165	- 9
Highland	89	42	47
Hocking	51	58	- 7
Holmes	53	34	19
Huron	212	194	18
Jackson	85	47	38
Jefferson	234	134	100
Knox	128	90	37
Lake	495	417	78
Lawrence	166	30	137
Licking	304	218	86
Logan	137	61	76
Lorain	612	471	140
Lucas	1,402	1,344	59
Madison	100	80	20
Mahoning	675	588	88
Marion	162	70	92
Medina	210	152	58
Meigs	56	20	37
Mercer	153	121	32
Miami	264	250	13
Monroe	45	39	6
Montgomery	1,283	1,261	21
Morgan	54	35	19
Morrow	100	35	65

Table XII (continued)

TOTAL VOLUMES IN PUBLIC LIBRARIES AND

OLA STANDARD FOR NUMBER OF VOLUMES, BY COUNTY, 1969

County	OLA Standard	Actual Total Volumes	Differences between OLA Standard and Actual
Muskingum	179	166	13
Noble	26	14	12
Ottawa	105	84	21
Paulding	50	35	15
Perry	96	85	12
Pickaway	113	62	51
Pike	62	18	44
Portage	298	173	125
Preble	120	26	94
Putnam	94	36	58
Richland	284	227	57
Ross	155	144	12
Sandusky	155	135	21
Scioto	198	130	68
Seneca	284	192	92
Shelby	105	71	34
Shelby	105	71	34
Stark	912	776	136
Summit	1,264	1,014	250
Trumbull	707	328	379
Tuscarawas	250	208	42
Union	76	51	24
Van Wert	102	105	- 3
Vinton	25	34	- 9
Warren	231	124	107
Washington	144	108	36
Wayne	209	144	66
Williams	134	154	19
Wood	310	280	30
Wyandot	78	63	15

Table XII (continued)

TOTAL VOLUMES IN PUBLIC LIBRARIES AND

OLA STANDARD FOR NUMBER OF VOLUMES, BY COUNTY, 1969

County	OLA Standard	Actual Total Volumes	Differences between OLA Standard and Actual
TOTAL	26,581	24,753[1]	7,292[2]

1
Included items not shown in county detail

2
Includes only positive items; i.e., counties in which actual holdings exceed the OLA standard were omitted from the total

If the average cost of a new acquisition is assumed to be $5.00, an outlay of at least $36.5 million would be called for to bring all Ohio libraries up to this OLA standard.

Library Hours

Standard No. 18 states that

> The community library should be open 48 hours and five or six days per week;...full service should be provided during all hours of opening. If the headquarters of a library system is also a public library outlet, it should [be] open to individuals and member libraries from 60 to 72 hours per week including six to seven days and at least five nights.[17]

The additional cost of extending library hours to those proposed by the OLA was estimated as a proportionate increase in total salary costs. A statewide cost increase of $3.0 million is implied. Increased expenditures would be required in all but six counties.

Needs as Viewed by the CBC

The second approach to the estimation of library needs focuses on the response of county budget commissions to library budget requests. A mail questionnaire addressed to the librarian in each of Ohio's 255 public libraries or library systems requested information on (a) the estimated financial needs for the library as submitted to the CBC in May 1969, and (b) the amount of intangibles tax revenue granted to the library for the 1970 fiscal year. The questionnaire is reproduced as Exhibit A.

The 201 libraries responding to this question reported having requested a total of $48.8 million and having been allotted $40.0 million or about 82 percent of the aggregate requested (Table XIII). However, those libraries that are located in counties that allot 100 percent of intangibles taxes to libraries received on the average only 68 percent of the amount requested, while the remainder received an average of 84 percent of their request. Fifty-six libraries received the full amount requested, including a few that received more than requested.

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[17] Standards for the Public Libraries of Ohio, p. 9.

Exhibit A

THE OHIO STATE UNIVERSITY
1775 SOUTH COLLEGE ROAD
COLUMBUS, OHIO 43210

COLLEGE OF
ADMINISTRATIVE SCIENCE

CENTER FOR BUSINESS
AND ECONOMIC RESEARCH

TELEPHONE: 293-5967

October 5, 1970

Dear Librarian:

Under the sponsorship of the State Library, The Center for Business and Economic Research of The Ohio State University is conducting a study of Ohio public library financing.

To help us with that part of the study that concerns library service needs, would you please supply the information called for in the attached brief questionnaire?

Please return the completed questionnaire in the enclosed envelope by November 1.

If your library has branches, you will find enclosed another form calling for certain data for each branch. We would appreciate receiving this information also by November 1.

Thank you.

Yours truly,

Frederick D. Stocker
Professor of Business Research

FDS:als

Enclosures

Exhibit A (continued)

SURVEY OF LIBRARY SERVICE NEEDS

A. Needs as Viewed by the County Budget Commission

1. What were the estimated financial needs for your library (including branches) as submitted to the County Budget Commission in 1970?

$_____

2. What amount of intangibles tax revenue did the County Budget Commission allocate to your library for fiscal year 1970?

$_____

B. Your Appraisal of Needs

IN ANSWERING THIS PORTION, IGNORE FOR THE MOMENT ANY BUDGETARY LIMITATIONS FORCED BY INADEQUACIES OF INTANGIBLES TAX REVENUES. AT THE SAME TIME BEAR IN MIND THAT LIBRARY EXPENDITURES, NO LESS THAN ANY OTHER EXPENDITURE OF TAX DOLLARS, MUST BE FULLY JUSTIFIED TO THE TAXPAYER, WHO IN THE FINAL ANALYSIS PAYS THE BILLS.

1. Estimate the level of annual operating expenditures that you believe could be justified to the taxpayers

(a) for 1971 $_____

and (b) by 1975 $_____

2. Describe briefly any new or expanded services that these operating expenditure estimates include.

3. Again ignoring the question of specific revenue sources, approximately how much outlay for capital facilities (new structures, additions, major renovations) do you think could be justified over the next five years?

$_____

4. Describe briefly the nature and purpose of these capital facilities (number of new structures, approximate square feet of added space, general purposes).

Library_____ Signature_____

Title_____

Exhibit A (continued)

SELECTED ITEMS OF INFORMATION, LIBRARY BRANCHES

For libraries with branches, we need certain information for the main library and for each branch. Please enter the information requested in the table below.

	Library or Branch	Floor Space (Sq. Ft.)	Number of Employees, 1969 (full time equivalent)			Amount Expended for Wages and Salaries, 1969			Number of Periodicals Subscriptions (end of 1969)	Number of Phonograph Records in Collections (end of 1969)
			Total	Professional and Preprofessional	Nonprofessional (clerical custodial, etc.)	Total	Professional and Preprofessional	Nonprofessional (clerical custodial, etc.)		
1.	Main Library Branches (List each separately)					$	$	$		
2.										
3.										
4.										
5.										
6.										
7.										
8.										
9.										
10.										

(Attach additional sheet if necessary)

Table XIII

ESTIMATES OF LIBRARY NEEDS, AS REPORTED BY
LIBRARIANS AND LIBRARY TRUSTEES
(Thousand Dollars)

County	Budget Request, May 1969	CBC Allocation 1970	Difference Between Request and Allocation	"Supportable" Level of Operating Expenditure			Estimated Capital Needs, 1970-75
				1971	1975	Increase, 1971-75	
Adams	17	11	6	20	25	5	N.A.
Allen	469	379	90	515	670	155	N.A.
Ashland	21	20	1	23	25	2	2
Ashtabula	193	189	4	308	377	69	1,538
Athens	95	74	21	110	125	15	250
Auglaize	105	105	0	129	190	61	100
Belmont	232	172	60	244	279	35	N.A.
Brown	13	11	0	14	18	4	10
Butler	414	401	13	494	535	41	1,750
Carroll	32	23	9	25	30	5	10
Champaign	40	39	1	66	70	4	N.A.
Clark	413	387	26	622	701	79	3,505
Clermont	207	160	47	182	225	43	1,250
Clinton	119	110	9	147	193	46	N.A.
Columbiana	223	206	17	258	371	113	N.A.
Coshocton	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Crawford	51	51	0	50	58	8	N.A.
Cuyahoga	18,155	14,200	3,955	23,194	N.A.	N.A.	N.A.
Darke	125	90	35	149	175	26	70
Defiance	70	60	10	90	100	10	10
Delaware	106	100	6	117	178	61	502
Erie	179	147	52	178	N.A.	N.A.	N.A.
Fairfield	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Fayette	57	45	12	63	87	24	3
Franklin	5,792	3,897	1,895	4,613	5,825	1,212	N.A.

Table XIII (continued)

ESTIMATES OF LIBRARY NEEDS, AS REPORTED BY
LIBRARIANS AND LIBRARY TRUSTEES
(Thousand Dollars)

County	Budget Request, May 1969	CBC Allocation 1970	Difference Between Request and Allocation	"Supportable" Level of Operating Expenditures			Estimated Capital Needs, 1970-1975
				1971	1975	Increase, 1970-75	
Fulton	104	N.A.	N.A.	125	N.A.	N.A.	N.A.
Gallia	70	33	37	75	92	17	200
Geauga	78	78	0	82	86	4	5
Greene	280	135	145	313	600	287	1,000
Guernsey	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Hamilton	4,805	4,805	0	5,014	6,300	1,286	5,820
Hancock	190	176	14	306	340	34	1,310
Hardin	76	67	9	94	117	23	N.A.
Harrison	13	12	1	15	25	10	N.A.
Henry	86	61	25	204	241	37	640
Highland	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Hocking	49	28	21	70	85	15	500
Holmes	34	38	- 4	60	75	15	45
Huron	233	184	49	224	252	28	530
Jackson	27	27	0	44	65	21	134
Jefferson	152	125	27	158	285	127	250
Knox	72	71	1	76	N.A.	N.A.	N.A.
Lake	637	592	45	658	905	247	2,190
Lawrence	48	36	12	59	75	16	12
Licking	N.A.	350	N.A.	234	287	53	N.A.
Logan	61	57	4	66	73	7	N.A.
Lorain	827	584	243	1,275	2,642	1,367	1,003
Lucas	N.A.	2,168	N.A.	2,887	3,500	613	1,500
Madison	30	27	3	32	35	3	5
Mahoning	1,292	760	1,145	1,411	1,800	389	6,500

Table XIII (continued)

ESTIMATES OF LIBRARY NEEDS, AS REPORTED BY
LIBRARIANS AND LIBRARY TRUSTEES
(Thousand Dollars)

County	Budget Request, May 1969	CBC Allocation, 1970	Difference between Request and Allocation	"Supportable" Level of Operating Expenditures			Estimated Capital Needs, 1970-1975
				1971	1975	Increase, 1970-75	
Marion	120	115	5	157	299	142	765
Medina	425	216	209	241	280	39	600
Meigs	18	15	3	23	25	2	N.A.
Mercer	92	77	15	104	130	26	25
Miami	343	343	0	430	548	118	1,253
Monroe	24	16	8	N.A.	N.A.	N.A.	N.A.
Montgomery	2,480	2,391	89	2,702	3,907	1,205	2,470
Morgan	29	15	14	35	41	6	10
Morrow	12	12	0	10	14	4	6
Muskingum	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Noble	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Ottawa	86	72	14	82	91	9	40
Paulding	45	29	16	45	49	4	7
Perry	N.A.	4	N.A.	3	6	3	5
Pickaway	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Pike	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Portage	310	260	50	336	N.A.	N.A.	N.A.
Preble	46	39	7	48	66	18	N.A.
Putnam	53	28	25	60	70	10	400
Richland	431	358	73	440	622	182	690
Ross	195	140	55	201	301	100	500
Sandusky	160	142	18	178	208	30	202
Scioto	160	160	0	175	200	25	40
Seneca	330	330	0	N.A.	N.A.	N.A.	N.A.
Shelby	142	129	13	150	175	25	40

Table XIII (continued)

ESTIMATES OF LIBRARY NEEDS, AS REPORTED BY
LIBRARIANS AND LIBRARY TRUSTEES
(Thousand Dollars)

County	Budget Request, May 1969	CBC Allocation, 1970	Difference Between Request and Allocation	"Supportable" Level of Operating Expenditure			Estimated Capital Needs, 1970-1975
				1971	1975	Increase, 1970-75	
Stark	1,844	1,751	93	2,094	2,583	489	8,443
Summit	2,840	2,567	273	2,954	4,011	1,057	880
Trumbull	641	479	162	676	990	314	921
Tuscarawas	266	247	19	292	421	129	817
Union	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Van Wert	79	72	7	75	90	15	200
Vinton	7	6	1	9	12	3	75
Warren	71	49	22	55	88	33	5
Washington	200	130	70	225	300	75	1,500
Wayne	276	276	0	305	350	45	300
Williams	106	89	17	103	112	9	N.A.
Wood	635	634	1	584	715	131	2,205
Wyandot	50	32	18	74	85	11	50
TOTAL[1]	48,808	39,992	8,820	33,654	44,295	10,591	53,093
100% of counties[2]	5,389	3,664	1,725				
all other	43,419	36,328	7,091				

[1]State totals include only counties in which all responding libraries reported comparable data for both requests and allocations, and the "supportable" level of expenditures for both 1971 and 1975
[2]Counties in which all intangibles tax revenue is allocated to libraries

Source: Mail Survey of Library Service Needs

Librarians' Appraisals of the "Supportable" Level of Expenditure

The same questionnaire asked librarians to "estimate the level of annual operating expenditure that you believe could be justified to the taxpayers (a) for 1971 and (b) by 1975." Librarians who responded to this question--195 in total--indicated an aggregate expenditure of $33.7 million for 1971, and believed that a persuasive case could be made for increases totaling $10.6 million, or 31 percent, over the ensuing four years.

As to the new or expanded services to be provided with additional funds, most frequently mentioned were additional operating expenses connected with additions to building (69); audio-visual programs and equipment (57); needed repairs to existing building (54); better services to outlying population through bookmobiles, and to homebound users (51); more and newer books (47); and more staff (45).

The final portion of the questionnaire asked librarians to indicate about how much outlay for capital facilities could be justified over the next five years, and the general purpose. A total of 171 responses were received to this question. In total, capital outlays of $53.1 million were thought to be justifiable to the taxpayers over the 5-year period. Sixteen systems, including most of the largest ones in the state but also some smaller ones, indicated capital outlay needs in excess of one million dollars. Most often cited were new library buildings (73 mentions), major renovations (60), and additions (48). A large number of libraries, however, reported no foreseeable capital outlay needs within the next five years.

Summary

Because of the conceptual ambiguities described earlier it is difficult to draw firm conclusions from this review of evidence on unmet "needs." Each of the approaches indicates a sizable gap. To achieve the OLA standard level of operating support throughout the state would require an additional $27 million, or an increase of more than 60 percent over 1969 operating expenditures (Table XI). Librarians own perceptions of needs, as reflected in budget requests, are apparently less ambitious; those who responded to the questionnaire reported having stated needs, in the form of budget requests, averaging 22 percent more than the CBC allotted. They anticipated an increase of about 31 percent in supportable level of operating expenditure over the period 1971-75, and a total of $53 million in capital outlay.

Perhaps all this demonstrates is that librarians and boards of library trustees believe they could spend more money if they were to receive more. The key issue, however, concerns the additional public library services that could be bought with additional money. Responses to the questionnaires suggest that additional funds for libraries would probably be used mainly to provide library facilities and services in areas not now being served--either sparsely populated areas or new suburban areas. This is implied by the frequent mention of new library branches and bookmobiles as a claim on capital funds, and additional operating expenses associated with them. Improved quality of service to existing users is implied by the less frequent references to renovations and expansions of existing structures, adding audio-visual materials and equipment, and updating and expanding library collections.

V. THE OHIO LIBRARY DEVELOPMENT PLAN AND LIBRARY FINANCE

The preceding sections of this report have attempted to point up several aspects of Ohio's present system of financing libraries that can in some sense be considered problems. This section summarizes the principal fiscal problems facing Ohio libraries and describes those portions of the Ohio Library Development Plan that impinge on library finance, including projections of the costs of funding the Area Library Service Organizations (ALSO's) that are a key part of the plan.

The Fiscal Problems Facing Ohio Libraries

Public libraries in Ohio face three major fiscal problems, all described earlier in this report. One concerns the "gap" that exists between available resources and service needs, whether needs are estimated in terms of OLA standards defining a "reasonable quality of library service," or in terms of Library Boards of Trustees estimates of needed resources, or in terms of what library people estimate to be a "supportable" level of library service, taking account of local taxpayers' willingness to provide the required funding.

As the preceding sections point out, a case can be made for the existence of such a gap, perhaps as large as $27 million annually. Moreover, there is reason to believe that this gap will widen in the years ahead, as residents of lower-income counties of the state increasingly aspire to levels of library service comparable to that of their more fortunate neighbors, and as growth in library revenue from the intangibles tax slows as more and more counties come to allocate 100 percent of intangibles tax collections to libraries.

It must be emphasized that the inadequacy of revenue to meet "needed," or "desired," service levels is not a problem that is unique to libraries. Proponents of each and every category of public services could no doubt demonstrate that the resources devoted to that function fall short of meeting all the needs, as they see them. Likewise every family is aware, often painfully so, of needs or wants that it is unable to meet from available income. Far from being unique, the problem of inadequacy of revenue is pervasive, stemming from the basic economic fact that available resources are never sufficient to meet all possible wants.

When this fact is recognized it becomes evident that some judgment must be made on the relative priority of various claims, both public and private, on the resources of Ohio's taxpayers. Beyond demonstrating that unmet

needs exist, it is necessary for representatives of public libraries (and proponents of other governmental functions) to marshall evidence bearing on the quantitative importance of the public benefits that would flow from additional spending. Only by comparing the benefit obtainable from alternative uses of additional tax money can a rational allocation of public funds be made.

The second fiscal problem of the libraries concerns the marked disparities among Ohio counties in the support of public libraries and in the quality of library service offered to their citizens. The essence of this problem is that it is patently inequitable to offer different levels of library service to identical taxpayers, depending simply on where they happen to live.

The owner of intangible assets is taxed the same, wherever he lives in Ohio (ignoring possible differences in enforcement). But the quality of library service varies enormously, depending largely on how much intangibles tax his neighbors pay. Under a system of finance involving uniform statewide taxes, the only equitable distribution of library funds is one that would provide a uniform quality of library service throughout the state, varying only in relation to residents' needs.

In 1950, per capita income of libraries (mainly from the intangibles tax) was 37 times as much in the highest county as in the lowest (ignoring one county reporting no library income). By 1960, the range had been reduced to 13:1; in 1969 it remained 14:1. In 1969, there were still 36 counties in which the per capita support of libraries was less than half the state average, and two in which it was more than 1-1/2 times the state average. These disparities are far greater than can be explained in terms of difference in demand for library service. One can only conclude that serious inequities exist.

Third, the intangibles tax itself is characterized by defects that make it less than an ideal source on which to rely. Some of these defects are inherent in the tax--the double taxation feature discussed earlier, and the lack of any evident relation either to benefits the taxpayer receives from the government or to his taxpaying ability. Added to these are defects in administration which, while difficult to pinpoint, seem to allow a substantial loss of revenue. Many potential taxpayers probably escape entirely.

Moreover a serious fiscal crisis would be precipitated for Ohio's public libraries if the intangibles tax were ever repealed. Most other states, as noted in an earlier section, have either abandoned the tax on intangibles or allowed it

to atrophy. Were Ohio to adopt a general tax on personal income, there is a real possibility that the General Assembly would follow the example of other states and repeal the tax on intangibles, perhaps by phasing it out over a period of years. This possibility, while conjectural, is sufficiently real that library leaders would do well to take it into consideration in planning fiscal strategy.

The Ohio Library Development Plan

The problems reviewed above have perhaps not been previously documented as thoroughly as in this study, but they have not gone unnoticed. The problem of those counties in which intangibles tax revenues are not adequate to support even a semblance of modern library service, which was stressed in the Blasingame study, has been a special concern of the Ohio Library Association and the State Library of Ohio. At the same time it is recognized that the task of strengthening weaker library systems must be carried out and financed in a manner that will not undermine the financial support of the superior library systems.

The Ohio Library Development Plan was developed in part to meet these financial problems. The basic concept of the plan has been described as follows:

> that every citizen of the state has an equal right to adequate library service and should not be deprived through the accident of residence or the economic weakness of the political subdivision in which he lives.[18]

In regard to library financing, the OLDP seeks to accomplish three objectives. The first and central objective is the establishment of a statewide network of Area Library Service Organizations (ALSO's). The plan calls for state grants to cover initial planning (one year only) and establishment of the ALSO, including purchase of books and equipment, but not construction. The establishment grants would be available for the first two years only. Most important, the plan provides for essential services grants to be made by the state to participating libraries. The amount granted to participating libraries of the ALSO would be determined by a formula taking account of population, per capita intangibles tax revenues, and the proportion of the intangibles tax allotted to libraries. Funds flowing to the ALSO's to provide services for member libraries would become a large part of library support, especially in the poorer counties.

A second objective of the plan, related to the first, is to encourage the allocation of a larger share of intangibles tax collections to libraries. The formula governing distribution of state funds to ALSO's works in such a way

[18] "The Ohio Library Development Plan", Columbus, OLA-OLTA Steering Committee, 1968.

as to reward counties in proportion to the share of the intangibles tax their CBC gives to libraries. It also would exclude from participation the libraries in any county in which the percentage allocated to libraries was less than 9/10 of the state average percentage.

The third objective is implicit in the first two. It is to improve the level of library service throughout the state, but especially in the poorer areas, through development of a system for sharing library resources and services on a regional basis, as well as through state financial aids.

Projected Costs of Funding ALSO's

While the OLDP provides for planning and establishment grants for the ALSO's, as well as for "special needs grants" to libraries that qualify, it is contemplated that the principal costs associated with the ALSO's will be the essential services grants. These funds would be allocated under a formula designed to aid counties that have experienced difficulty in providing adequate library services. Besides this equalization effect the distribution formula contains an incentive factor designed to encourage local initiative in providing these services.

The essential services grants would be made under the following formula:

X = (Y - A) B C, where:

X = the annual state grant to support essential services in each county

Y = a three-year moving-average of the statewide per capita intangibles tax distribution to local public libraries

A = a three-year moving-average of the county per capita intangibles tax distribution to local public libraries

B = the percentage of local situs intangibles tax collections allocated to public library support

C = total county population

To estimate the costs of fully funding this portion of the OLDP annually through 1978, it is therefore necessary to project for each county the dollar amount of intangibles tax distribution to libraries, the percentage distribution to libraries, and county population, annually through 1978.

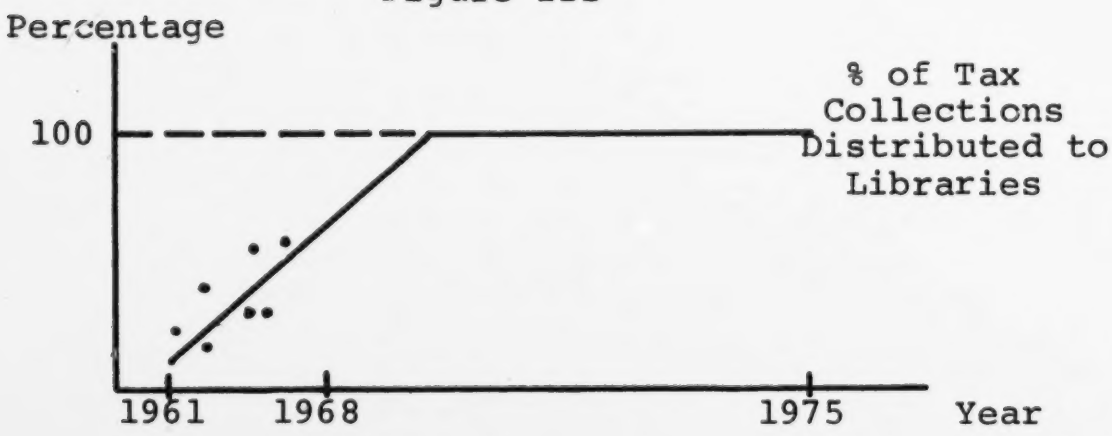
The first step is to project intangibles tax collections for each county. As explained in Chapter II, this involves calculating average annual percentage increases, county by county, for the period 1961-69, and the assumption that the yield will continue to grow at the same rate as in this base period. The results, while calculated for each county, are presented (in Table VIII) only for 13 county groups.

Next it is necessary to estimate the percentage distribution factor "B". These figures are derived by performing a simple linear extrapolation of actual distribution percentage observations for the period 1961-1968.

Several qualifying assumptions must be made at this point, when forecasted results seem inconsistent with what knowledgeable persons understand regarding local conditions:

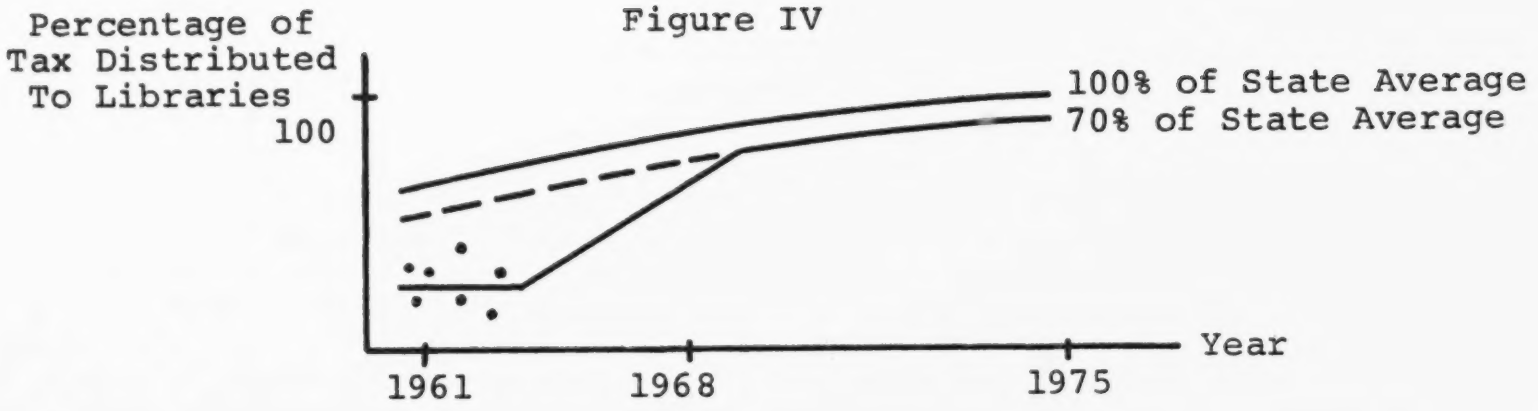
a) If the regressions indicate a strong upward trend in the percentage figures, this calculated trend is continued until 100% is reached; thereafter it is projected to remain at this maximum figure (Figure III).

Figure III



b) In counties where a downward trend or no discernible trend is evident, the distribution is projected to reach 90% of the statewide average by 1973 and continue to follow this average thereafter (Figure IV).

Figure IV



Note that both assumptions strongly support a rapid increase in the distribution percentage. This is a reflection of the formula's powerful incentive to local initiative in public library financing.

Each estimated figure for county intangibles tax collections is then multiplied by the corresponding percentage distribution estimate, to produce a projection of the dollar amount of the county intangibles tax distribution to libraries.

County population projections enter into the calculation of the ALSO distribution in two ways, directly as element "C" in the formula and indirectly in calculating per capita amounts in "Y" and "A".

Population projections are based on estimates by the Economic Research Division of the Ohio Development Department.[19] The study makes three different population estimates for selected years. A low, medium, and high estimate is forecasted depending upon the various assumptions made concerning the rate of net national increase, net migration and various judgment factors primarily related to local economic growth. For the purposes of this study, the medium figure is used. As the Ohio Population report estimates population only quinquennially, it is necessary to make a separate linear interpolation between 1970, 1975, and 1980 to provide annual figures.

Dividing the projected figures on intangibles tax distribution to libraries by the corresponding population estimate gives a projected per capita figure for intangibles tax collection in each county for each year. When these are converted to a three-year moving average, the result is the "A" term in the formula. The statewide average calculated the same way becomes the "Y" term.

Combining all these estimates, the county per capita tax distribution estimate (A) is subtracted from the state per capita tax distribution estimate (Y). This difference

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[19] Ohio Population, Ohio Department of Development, Columbus, January 1968.

is then multiplied by the corresponding population figure (C) and the percentage of distribution figure (B). The result of this subtraction and two successive multiplications is the projected dollar cost of the essential services grant for each county for each year. The results of this process are shown, by county group, in Table XIV.

These projections indicate that full funding of the essential needs grants portion of the OLDP would have cost $6.3 million in 1970, and that the cost would rise to $10.1 million in 1975. The rise in cost is attributable partly to population growth. More important, however, is the projected continued increase in "Y", at the rate of about 5 percent a year. While "Y" is made up of the individual county figures ("A"), it so happens that many of the largest counties in the state receive per capita intangibles tax collections of more than the state average, and so do not receive essential services grants. They nevertheless exert a strong upward influence on "Y", and hence widen the gap (Y - A) for counties eligible for grants.

Also contributing to the rise in ALSO costs is the projected increase in "B"--the percentage of local situs intangibles tax revenue allocated to public libraries. As noted, counties in which per capita library revenue from the intangibles tax is below the state average, and where the allocation is less than 100 percent, have a strong incentive to raise this percentage. By doing so they increase the "A" term in the formula governing their payment, which tends to reduce their grant; but the increase in "B" more than offsets this effect. On balance, libraries in counties in which an increased share of intangibles tax goes to libraries gain both from the increased local allotment and from the increased state ALSO payments.

A number of counties would not be entitled to essential services grants under the formula contained in the OLDP. This is because their per capita library income from intangibles tax is above the state average, so that (Y - A) reduces to zero. The three counties that comprise Region XIII are all SNG ("special needs grants") counties. That region would receive no grants under the essential services part of the program. No estimate is made here of the cost of providing for special needs grants to such counties.

Table XIV

ESTIMATED COST OF FUNDING ALSO'S 1970 AND PROJECTIONS TO 1978, BY COUNTY GROUPS

(Thousand Dollars)

COUNTY GROUP	1970	1971	1973	1975	1977	1978	PERCENT CHANGE
I	$228	$269	$ 312	$ 351	$ 419	$ 456	+100
II	290	319	384	456	540	582	+101
III	585	649	809	985	835	906	+ 55
IV	864	954	1,165	1,380	2,266	2,455	+184
V	633	713	901	1,105	1,351	1,483	+134
VI	516	567	683	815	951	1,027	+ 99
VII	593	647	774	909	1,051	1,126	+ 90
VIII	881	952	1,122	1,302	1,490	1,591	+ 81
IX	473	510	614	738	878	956	+102
X	117	195	236	279	326	352	+201
XI	390	429	522	630	755	818	+110
XII	661	743	935	1,133	1,347	1,457	+120
XIII	No Grant	No Grant	No Grant	No Grant	No Grant	No Grant	
STATE TOTAL	$6,309	$7, 97	$8,454	$10,082	$12,209	$13,209	+109

Source: See text for method of projection and data sources

VI. POLICY ALTERNATIVES IN LIBRARY FINANCING

This final section considers the alternative policies libraries might follow in dealing with the problems outlined in previous sections and in obtaining funding for the network of ALSO's that is a key part of The Ohio Library Development Plan. The basic elements in the existing and emerging situation are:

1. Inherent weaknesses and inequities in the intangibles tax
2. A source-based distribution of intangibles tax revenue that results in some counties having only rudimentary library systems
3. A very modest level of state support of public libraries
4. A prospective leveling off in the percentage of intangibles tax revenue allocated to libraries, which in turn will produce a slowdown in the growth of library revenue
5. The existence of a sizable and growing unmet "need" for library services
6. The absence of any tradition among libraries of seeking financial support through voted levies, or among taxpayers of voting library levies
7. The possible abolition of the intangibles tax
8. The financial demands associated with funding the OLDP

One course of action is that of inaction. If the libraries and the state government allow the present situation to continue--an outcome that the strong influence of inertia makes probable--the problems noted earlier would continue or perhaps worsen. Some areas, notably the lower-income counties of the state, would continue to be deprived of access to modern library service. At the other extreme the fiscal difficulties of libraries in some of the wealthier counties, where standards of library performance are high, would probably necessitate cutbacks. Failure to fund the OLDP would tend to perpetuate existing intercounty disparities in library support and services.

To this writer, the "course of inaction" does not seem calamitous. Some communities would face curtailed library service and others would continue to have little or none. Unless the intangibles tax were repealed--or were suddenly to decline sharply in yield--the library system of Ohio would be in no danger of fiscal collapse. The result rather would be the gradual erosion of some of the existing excellent library resources and programs.

The cost of inaction is not impending disaster. Rather it would be the tragedy of an opportunity missed. The Ohio library system, always one of many strengths, is in a position now to raise its weaker members to a standard of higher

and more nearly uniform performance. The opportunity exists to begin to correct the inequities and inconsistencies the state has tolerated too long, to assure the maintenance of substantial collections and services, and to bring about a unified and coordinated library structure compatible with the economy and society of the 1970's.

If Ohio rejects the stand-pat policy, there are several courses of positive action. These may be divided into those focusing on strengthened local support of libraries and those involving increased state support.

Strengthening Local Library Financing

If one looks only at actions that local governments can take on their own initiative to strengthen and expand the financial base for libraries, the options appear in one sense to be very limited. The intangibles tax is a state tax, the base and rate are governed by state law, and local governments have little or no scope of action.

However, in those counties where less than 100 percent of the intangibles tax revenue is allocated to libraries, an obvious possibility is to increase this proportion. Various circumstances may lie behind the failure of a county to allocate all the intangibles tax revenue to library. In some counties, libraries have no doubt been too lethargic and unimaginative in their conception of what might be done with additional money, and have either failed to request larger amounts or failed to make a convincing case of "need". In others, there are perhaps political considerations that inhibit libraries from pressing aggressively to receive a larger allocation. In either case, more money would be available for the "asking", if it is recognized that "asking" may mean "supporting", "arguing", "fighting" and perhaps "litigating."

In some counties there are no doubt possibilities for increasing library revenues through improved enforcement of the intangibles tax. Local administration of the intangibles tax varies in quality from county to county. In some, especially those where automatic data processing equipment is used to compare taxpayer lists with lists of recipients of dividends and interest, enforcement appears to be efficient and effective. In others it leaves much to be desired. As enforcement rests largely in the hands of the county auditor, an elected official, it is perhaps understandable that energetic and aggressive enforcement is sometimes missing.

The revenue obtainable from improved local enforcement can easily be exaggerated. Under the Ohio law, the county auditor, acting in his capacity as deputy of the State Tax

Commissioner, has primary enforcement responsibility only for the "local size" intangibles tax returns--those showing property valued at less than $5,000 or having an income yield less than $500. Those above the cut-off are classed as "state-size", and duplicate copies of the return go to the district office of the State Department of Taxation. While the county auditor has full authority to enforce the tax on state-size returns, by custom he usually confines his attention to the local size.

The tax on an intangibles return showing property having an income yield of $500 amounts to $25. On unproductive investments valued at $5,000 the tax at 0.2 percent is $10. Thus the maximum revenue loss from non-filing or underreporting on the part of a local-size owner of intangibles is relatively small. If sizable increases in yield are to be obtained, they will in all likelihood involve improved state enforcement, control over which lies beyond the scope of local authority.

In another sense, however, local library governing boards have wide scope for increasing library support through strictly local action. There appears to be no reason why any school district, municipality or county could not if it wished allocate some funds from its general revenues for support of the library system. In fact, this is the common arrangement for library financing that is found in most other states, and which would no doubt be more common than it is in Ohio were it not for the favored position of libraries in respect to intangibles tax revenue.

Moreover libraries have access through their parent unit of government to the local property tax base. If the governing board of a school district, city or county should wish, it has full legal authority to place before the voters a special levy for library purposes.[20] Because of voter resistance to such levies, the frequent reluctance of parent units to sponsor levies, the expense and energy required to put them over, and he relatively easy availability of intangibles tax money, few libraries receive revenue from this source. Yet this course remains open for those libraries that wish to pursue it.

Mention has already been made of the possible increase in intangibles tax revenue that might result from state action to strengthen enforcement of this levy. Other forms of state action, short of distribution of state funds, might be employed to increase funds available to libraries.

One possibility is that of an across-the-board increase in the rate of the intangibles tax. It is often pointed out that this tax, unlike almost every tax known to the American taxpayer, is applied today at a rate no higher than that of 1931. A rate increase, by implication, is long overdue.

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[20]Sec. 3375.17 and 3375.23, Ohio Revised Code

This line of reasoning raises again the issues of the basic merits and weaknesses of the intangibles tax. It assumes that the tax is fiscally sound and equitable and deserves a place of importance in a modern tax structure. As noted in earlier sections, this is a very questionable assumption; in terms of the criteria of good tax policy, a tax on intangible personal property is becoming more and more anachronistic, and most states, far from increasing reliance on it, have reduced or abandoned it.

Still this is a possibility to be considered. At present the intangibles tax yields annually about $10 million for each 1% of rate. If it is assumed that increases in the rate will not produce any diminution in the base through increased evasion or conversion of assets into nontaxable forms, it would follow that an increase in rate to 6% would add $10 million to the revenue, most of which would presumably go to libraries.

There are several difficulties with this course of action. It would of course necessitate legislative action of the tax-increase variety--never a popular item with legislators and especially so when many counties would feel little concern over the matter, either because existing revenues are comparatively adequate, or because the increase would do little to solve their local library financial problems.

More basically, an increase in rate would accentuate the disparities among counties that have been so evident in the past. It would commit libraries still more heavily to a dubious method of financing. It would represent a further step down a path which we have reason to suspect comes to a dead end.

Somewhat more defensible is the idea of a locally enacted supplement to the state rate. In this way, counties that experience a great need for added revenue, and whose voters are willing to approve a supplemental levy, can avail themselves of the increase while others need not do so. The principal difficulty lies in the increased complexity of administration and compliance when a uniform rate no longer applies statewide.

Parenthetically it may be noted that the logical corollary of a permissive rate increase is a permissive reduction in rate, which counties might choose if they wished to reduce their level of library support. Were this course followed, the permissive tax approach to increased library support might conceivably backfire.

The County as the Basic Unit of Library Finance

One of the important strengths of Ohio's present system of library finance is that revenues are received and distributed on a county basis rather than within still smaller units

of local government such as cities, as is the case in many other states. Intracounty variations in wealth are thus not automatically reflected in corresponding variations in the allocation of library funds within the county. There are those who argue that the portions of the county in which most of the intangibles tax revenues originate should receive most of the library service. And there is some evidence that county budget commissions have sometimes responded to this argument. While such a pattern of distribution is not prohibited, neither is it required by the present system.

While more emphasis is being placed on the equalizing role of the state in Ohio library finance, it is important to retain the county as the unit for financing the local share. For example, the power to levy taxes on real estate and tangible personal property, which libraries now possess, cannot be utilized effectively except on a countywide basis; if a library system smaller than the county were to enact a property tax, the revenue received from that source would in all probability be subtracted by the CBC from the library's intangibles tax allocation. The county is thus the only logical unit for local library tax levies.

Increased State Support of Libraries

The discussion above, dealing with local financing of libraries, adopts the conventional view that the intangibles tax is a local revenue source. This is true only in the sense that each county receives all the revenue that originates within its borders. In the more relevant sense of who bears the political responsibility for enacting the tax and determining its rate, and who administers it, the intangibles tax is of course a state levy, and the revenues libraries receive from this source are realistically to be viewed as state revenues distributed among counties on the basis of origin. It is a state tax that applies uniformly to intangibles throughout the state, wherever found, but the revenue from which is given to counties (for library purposes) in proportion to residents' ownership of such intangibles.

When the matter is viewed in this way it becomes apparent that the issues concerning distribution of the revenue are separable from those associated with the tax itself. Our system of library financing is in reality one in which state taxes provide almost 100 percent of library support. The real issues are (1) how much state revenue should be devoted to support of libraries? (2) from what sources should these revenues be derived? and (3) how should the money be distributed?

Any consideration of the case for increased state support of libraries must be preceded by consideration of the question whether optimal use is being made of revenues now available.

On one level this question involves comparison of benefits from incremental quantities of library services with their cost--or more basically, with the value of the incremental quantity of other public services, or private purchases, that are sacrified to gain them. It also raises questions of the efficiency of performance of library service. These questions need constantly to be asked by and of officials responsible for spending tax dollars.

On another level, the question of optimal use of present funds is one of geographic distribution of tax dollars. On the face of it, a system that distributes revenue from a state imposed tax in such a way that the wealthiest county (in terms of per capita ownership of securities) receives more than ten times as much revenue per capita as the poorest would seem difficult to defend. Some may say that need or demand for library service is greatest in the wealthiest [illegible] services of the libary. Others may counter that the poorer counties are those where the educational benefits of the library are most needed. In this writer's opinion, there is good cause to believe that relatively too little money goes into the poor counties. The general public interest might, in other words, be advanced by a different geographic pattern of revenue use. At the same time, it is entirely possible that the value of the public benefits from library services in even the highest-spending communities is in excess of their costs (both calculated in terms of increments).

A second argument rests on the unquestionable fact that libraries often provide services, the benefits of which go to people who live outside the county in which the library lies. The reference services of the Cleveland Public Library, for example, are used every day by people throughout Ohio and from other states. Indeed, it is the existence of such "spillover benefits" that underlies the case for state concern over the function and for state support. Many well supported library systems may thus be providing services of a regional or statewide nature, benefitting among others the inhabitants of communities where library support is low.

Whatever may be the merit of these arguments, the obvious fact is that any substantial redistribution of existing revenues in the direction of greater equality among Ohio counties would literally wreck the library system of many counties, including some of the state's (and the nation's) best library systems, and the systems of most of the state's largest and politically most potent counties. For this very practical reason it is perhaps unrealistic to expect any substantial redistribution of revenues except in conjunction with an increase in the total amount sufficient to protect all or nearly all library systems against any revenue loss.

Financing ALSO's - The Alternatives

Methods of providing increased state support for public libraries center on funding of the ALSO's, as provided in the OLDP. As noted earlier, full funding of the ALSO's would require about $6.3 million in 1970, rising to about $13.2 million in 1978. The crucial question is: from what sources might such revenues be obtained?

One possibility that is sometimes suggested is that of increasing the rate on local situs intangibles, the revenue to be received by the state and earmarked for distribution to libraries through the ALSO formula. An additional percentage point on the intangibles tax rate would raise more than enough money to cover projected costs of the ALSO's, but perhaps not of other parts of the OLDP. The chief appeal of this approach is that it continues the idea that the local situs intangibles tax is peculiarly suitable for financing libraries.

This proposition is questionable. Arguments have already been reviewed concerning the weaknesses of the intangibles tax and the desirability of its being de-emphasized or perhaps repealed. Other objections to this course of action rest on the problems and rigidities associated with earmarking. From the standpoint of state fiscal policy, earmarking is generally recognized as something to be avoided. From the standpoint of a special program interest such as libraries, however, securing an earmarked tax source is perhaps a very desirable goal.

A proposal that is somewhat related would fund the ALSO's by earmarking for library support part of the revenue the state now receives from the tax on state situs intangibles. This tax generates around $60 million annually, mostly from deposits and shares in financial institutions. The revenue is paid into the local government fund, from which it is distributed initially among the state's 88 counties, and within each county among the various classes of local governments.

What plausibility this proposal possesses derives from the idea that, because the local situs intangibles tax is set aside for libraries, it would be appropriate for the revenue from state situs intangibles also to be used for libraries. The sizable amounts potentially available from this source are another important attraction. The chief problem with this proposal, apart from reservations concerning its basic rationale, is that any revenues made available to libraries from this source would necessarily be diverted from other classes of local government. These could be expected to oppose such a diversion vehemently. Even now, there are strong pressures on the General Assembly to increase the amounts distributed to local governments through the local government fund. Moreover this tax, like

the local situs intangibles tax, might conceivably be phased out were Ohio to incorporate a comprehensive tax on business income into our tax system.

Except for the matter of earmarking, the proposals for funding ALSO's from earmarked state situs intangibles tax revenues differ little from proposals to fund them from state general fund revenues. To consider this possibility opens up the entire topic of the options that are available for increasing state revenue. The possibilities here are virtually limitless and obviously go far beyond the scope of this report.

One course of action--the possible resort to a state income tax--deserves discussion because of the special issues it raises relating to the intangibles tax and to library finance. Although in form and legal concept the intangibles tax is a property tax, with income yield serving as a convenient index to taxable value, in appearance it resembles a tax on this component of personal income. Imposition of another tax on all personal income, without repeal of the intangibles tax, would thus give the appearance of double taxing interest and dividend income.

Were it not for the fact that the intangibles tax provides virtually the sole support of the library system, the obvious course of action would be to repeal the intangibles tax (except as it applies to financial institutions and insurance companies) in conjunction with the enactment of a broad based state income tax. If the intangibles tax were repealed it would probably be necessary for the state to divert a portion of its income tax collections to libraries, to replace their revenue loss. Conceivably a distribution formula might be designed that would provide both for funding the ALSO's and replacing part or all of the revenue lost by repeal of the intangibles tax. Because of the great differences in current levels of library support, however, it would be very difficult to design such a formula.

An alternative that would involve minimum disruption to the library finance system, while avoiding or minimizing the double-tax problem, would be simply to leave the intangibles tax intact, but allow intangibles taxpayers to credit their payments against their state income tax liability. The effect of such a credit would be to relieve intangibles taxpayers from the "double tax", while leaving library revenues unaffected. This approach, it may be noted, also sidesteps the difficult problem of revising the present unsatisfactory system of distributing the revenue from the local situs intangibles tax.

Over the Long Run...

Each of the possibilities discussed above would contribute to a strengthened library financing system for Ohio.

Some would represent major improvements, others would provide only temporary relief and might later create new problems. None, however, gets to the basic problem--that of local reliance on a source-based distribution of revenue from an earmarked state tax.

As long as libraries have an open-end claim to revenues generated locally by the intangibles tax, their fiscal situation is likely to be one of unstable equilibrium. From any objective standpoint it would be hard to defend. Pressures will constantly be placed on the General Assembly to make libraries subject to the same constraints as other governmental functions in access to public revenues. It would be foolish for those concerned with libraries not to assume that sooner or later these pressures will prevail.

The OLDP, with its emphasis on state financed ALSOs, is not only a vehicle for equalizing library services under the existing tax structure, but is also an important step toward assuring the survival of local library systems in the event that the customary revenue flow from the intangibles tax should dry up. The plan provides a framework within which it should be possible to develop a general state aid system to local libraries, patterned perhaps after the familiar school aid program. Such a system could provide a logical step in extricating the state from the present intangibles tax dilemma. For example, the revenue from the local situs intangibles tax, or from state general fund revenues, might well be distributed not according to county or origin but according to some uniform statewide formula that would recognize relative "need" for library service, capacity to support libraries from local tax sources, and effort devoted to library support. Such an approach presumes that part of the financial support of local libraries would come from locally levied taxes, and part from the state formula allocation.

Under such an arrangement, the locally raised portion of library revenue would need to be raised through special library levies, or through inclusion of amounts for library support in the general budget of the parent units of government. In either case, libraries in Ohio would be placed for the first time since the early 1930's in a position of having to compete with other governmental functions in the scramble for scarce tax dollars.

The experience could be a painful one. Some libraries might suffer forced reductions in scale of operations. The citizens of some communities that have enjoyed outstanding library programs would find themselves denied services to

which they have grown accustomed. They might for the first time realize that libraries, like other public services, require continuing taxpayer support. On the other hand, library trustees and administrators might discover that a sound library program can command more support from the general public than has in the past been obtainable from the intangibles tax. Any library system that renders genuine and visible benefits to the local community need not doubt the willingness of the citizens to support it.